

Advice on Providing Additional GSP Benefits for Least Developed Countries

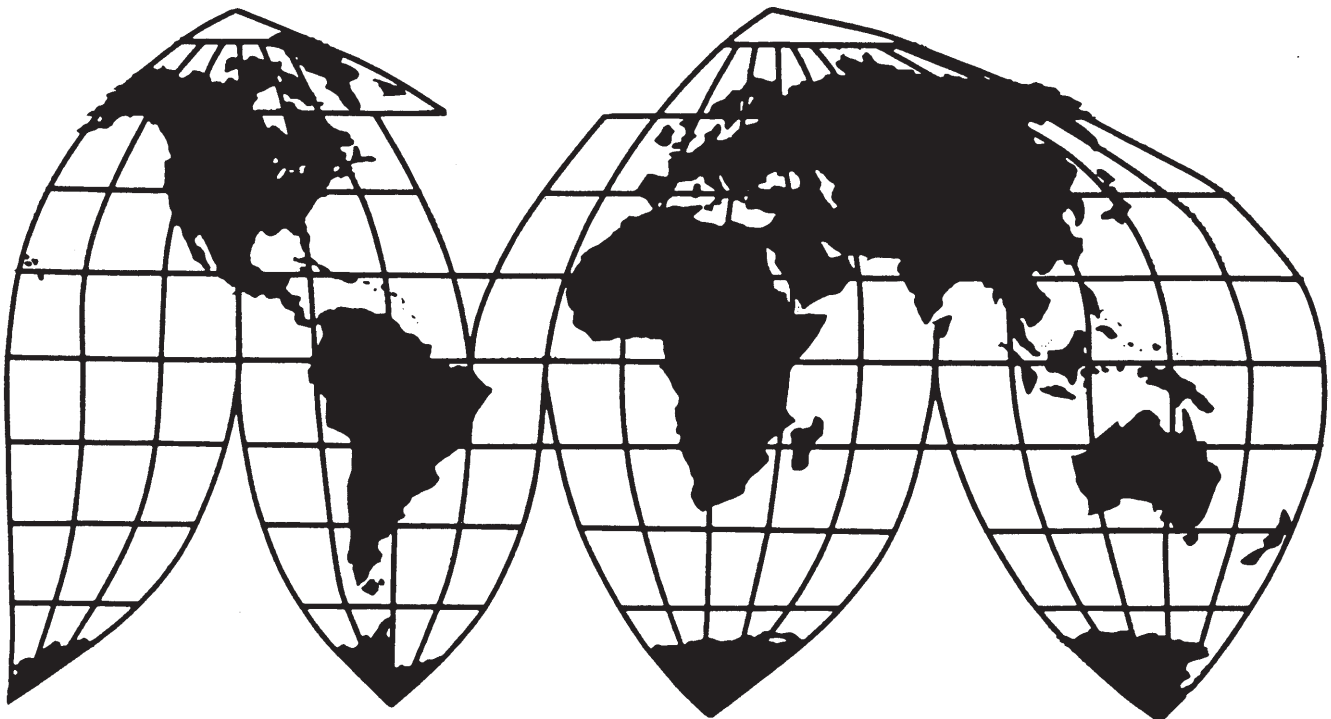
Investigation No. 332-370

Note.—This report is a declassified version of the confidential probable effect advice report submitted to the President on February 28, 1997. All probable effect advice and all business proprietary information have been replaced with “* * *.”

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This report was prepared principally by the Office of Industries

Robert W. Wallace, *Project Leader*

Ronald Babula, John Davitt, Vincent DeSapio, Cynthia Foreso, Lowell Grant,
Robert Hughes, Sharon Kosco, Danielle M. Kriz, David Lundy, Dennis Luther, Karl S. Tsuji

Office of General Counsel

William Gearhart

Office of Economics

Walker A. Pollard, Sandra Rivera

Office of Investigations

James E. Stewart

Special Acknowledgments

Data Management and Programming

David Lundy, Peg MacKnight

Presentation

Phyllis Boone, Brenda Carroll, Cynthia O. Payne, Monica Reed, Zema Tucker

Programming, Statistical, and Editorial

Patricia Augustine, Harold Clifford Brown, Patricia Holland,

Steve Hudgens, Debra Jackson, Andrew Rylyk

Design Services Provided by

Joyce Bookman, Paulette Henderson

under the direction of

John J. Gersic, *Chief*

Energy, Chemicals, and Textiles Division

PREFACE

Following receipt on September 17, 1996, of a request from the United States Trade Representative (USTR), the U.S. International Trade Commission instituted investigation No. 332-370, *Advice on Providing Additional GSP Benefits for Least Developed Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) on October 11, 1996. The purpose of this investigation is to provide the President and USTR with advice as to the probable economic effect of granting duty-free treatment under the Generalized System of Preferences (GSP) to selected articles from countries designated as least developed beneficiary developing countries for purposes of the GSP. USTR requested the Commission to provide the advice in a confidential report by March 3, 1997.

A copy of USTR's request letter is in appendix A of this report, and a copy of the Commission's response letter is in appendix B. Appendix C contains a copy of the Commission's notice of investigation, which was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the *Federal Register* (61 F.R. 54677) on October 21, 1996. The Commission held a public hearing in connection with the investigation on November 19, 1996, in Washington, DC. All persons were allowed to appear by counsel or in person, to present information, and to be heard. A list of witnesses appearing at the hearing is in appendix D. In addition, interested parties were invited to submit written statements concerning the investigation.

The information and analysis in this report are for the purpose of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under other statutory authority covering the same or similar matters.

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EXECUTIVE SUMMARY

The Generalized System of Preferences (GSP) program provides nonreciprocal tariff preferences to developing countries to promote their economic growth and development. Title V of the Trade Act of 1974 (1974 Act) authorizes the President to provide GSP duty-free treatment, subject to statutory criteria for country and product eligibility. The authority had expired on July 31, 1995, following several extensions. On August 20, 1996, the President signed legislation amending title V of the 1974 Act and extending the GSP program to May 31, 1997; the reauthorization was retroactive to July 31, 1995.¹

The 1996 amendments, among other things, authorize the President to designate certain articles not currently eligible for GSP duty-free treatment as eligible with respect to the least developed beneficiary developing countries (LDBC)s if he determines such articles are not import sensitive in the context of imports from the LDBC)s. Before designating an article, the President must first receive the advice of the U.S. International Trade Commission (Commission) and he must notify the Congress at least 60 days in advance of LDBC designations. For purposes of the GSP, the President has designated 37, mainly sub-Saharan African, countries as LDBC)s.²

Purpose of Study

On September 17, 1996, the Commission received a letter from the United States Trade Representative (USTR) asking the Commission to initiate an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) for the purpose of providing advice as to the probable economic effect of granting GSP duty-free treatment to selected items from the 37 LDBC)s. USTR asked that the Commission—

- (1) In accordance with sections 503(a)(1)(B), 503(e), and 131(a) of the 1974 Act, with respect to each article listed in part A of the annex to USTR's letter, provide advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. duties under the GSP and, to the extent possible, the level of U.S. import sensitivity of such articles in the context of imports from the LDBC)s; and
- (2) In accordance with sections 503(a)(1)(B), 503(b)(1)(B), 503(e), and 131(a) of the 1974 Act, with respect to the watches listed in part B of the annex to USTR's letter, provide advice as to the probable economic effect on watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the U.S. insular possessions and on consumers of the elimination of U.S. duties under the GSP and, to the extent possible, the level of U.S. import sensitivity of such watches in the context of imports from the LDBC)s.

For the specified watches, USTR also asked the Commission to provide data for the “material injury” determination required of the President under section 503(b)(1)(B) of the 1974 Act. Watches were among several categories of “import-sensitive articles” excluded from GSP eligibility by the 1974 Act. However, section 503(b)(1)(B) authorizes the President to designate watches as GSP-eligible articles if he determines that such designation will not

¹ The GSP Renewal Act of 1996, subtitle J of title I of the Small Business Job Protection Act of 1996 (Public Law 104-188, 110 Stat. 1755).

² The 37 LDBC)s are listed in table 1-1 on page 1-3 of this report.

cause material injury to the watch manufacturing and assembly operations in the United States and the U.S. insular possessions. USTR also asked the Commission to provide data, to the extent possible, on the LDBC watch sector. U.S. imports from the LDBC of the watches under GSP consideration totaled \$11,000 in 1995.

Overview and Findings

All but 8 of the 37 countries designated as LDBCs for GSP purposes are in sub-Saharan Africa; the others are in the Western Hemisphere (Haiti), Asia, or the Pacific. The LDBCs rank among the poorest countries in the world, with most of them classified by the World Bank in the lowest income group (1994 gross national product per capita of \$725 or less).

U.S. imports of all merchandise from the LDBCs grew at an average annual rate of 7 percent during 1991-95, to \$4.5 billion, or less than 1 percent of total U.S. imports in 1995. Only about 15 percent of the LDBC shipments in 1995, or \$706 million, entered free of duty. The remaining LDBC imports (\$3.8 billion) were dutiable shipments consisting almost entirely of crude petroleum and petroleum-related products (\$2.4 billion), and textiles and apparel (\$1.3 billion). Whereas the energy products are included among the articles under GSP consideration for the LDBCs, textiles and apparel are statutorily excluded from the GSP. As a result, the energy products account for almost all of the LDBC trade under GSP consideration.

The Commission's analysis shows that * * *

U.S. imports of the articles under GSP consideration for the LDBCs are either nil or negligible for all but a few LDBCs and are concentrated in crude petroleum. Summarized below is the probable economic effect on U.S. industries and consumers of eliminating U.S. duties under the GSP for the energy products, as well as tobacco and tobacco articles, the main non-energy products from the LDBCs under GSP consideration; unwrought cobalt alloys * * * and watches.

Crude petroleum and petroleum-related products

- * * * Duty rates for crude petroleum range from an estimated ad valorem equivalent (AVE) of 0.3 to 0.6 percent and those for refined petroleum products range from an AVE of 0.3 percent for fuel oils to 14.7 percent for specialty anti-knock preparations. * * * U.S. energy imports from the LDBCs are likely to grow slightly in the future as a result of recent investments mainly by U.S. firms to expand LDBC production for export. Angola, the largest LDBC supplier of energy products by far, supplied about 5 percent of U.S. imports of crude petroleum and less than 1 percent of imports of refined petroleum products during 1993-95.

Tobacco and tobacco products

- U.S. imports from the LDBCs of such products under GSP consideration totaled \$33.2 million in 1995, or 14 percent of total imports of these articles. All but a small part of the imports from the LDBCs, or \$30.7 million, comprised unmanufactured tobacco from Malawi. Imports of tobacco and certain tobacco products are subject to tariff-rate quotas (TRQs), which are allocated on a country-by-country basis for the major suppliers, with a residual quota set aside for smaller suppliers. For the quota year ending in September 1996, Malawi, the only LDBC with a TRQ allocation for unmanufactured tobacco, used 99.9 percent of its 12,000 metric ton quota, while the small suppliers, including all other LDBCs, filled the 3,000 metric ton residual quota for unmanufactured tobacco and certain manufactured products.

- * * * the benefits will apply only to in-quota (as opposed to above-quota) imports and the TRQ allocations for the LDBC's will remain unchanged from current levels. * * * U.S. imports from the LDBC's other than Malawi are very small, especially for cigarettes and other manufactured tobacco products, largely reflecting strong consumer preferences for domestic products. The average trade-weighted duty for the tobacco and tobacco products under consideration is 12.75 percent ad valorem, based on 1996 rates of duty.

Unwrought cobalt alloys

- Zaire and Zambia are the only LDBC's with cobalt production facilities. Neither LDBC currently has the capacity to produce the types of unwrought cobalt alloys made in the United States and neither is likely to develop the capacity, at least in the short term, because of a lack of technical capability and more pressing investment requirements (production facilities in Zaire and Zambia are owned by the Government). The U.S. industry produces "pure" unwrought cobalt alloys from unwrought cobalt, domestic cobalt scrap, or from imported "impure" alloys. Pure alloys are in a form ready for downstream fabrication. The LDBC's produce "impure" alloys, which trade sources consider to be unrefined unwrought cobalt. Unwrought cobalt is the principal raw material used in the production of pure unwrought cobalt alloys. However, the impure alloys of the type produced in the LDBC's are also used, without refining, to produce pure unwrought cobalt alloys. The impure unwrought cobalt alloys from the LDBC's sell at a discount to the published price of pure unwrought cobalt. Trade sources state that, at the present time, the importation into the United States of impure alloys from the LDBC's is not economically feasible, because the discount is more than offset by the U.S. rate of duty for the alloys (5.1 percent ad valorem in 1996).

* * * * *

Watches

- * * * The average trade-weighted duty for the watches under consideration is 6.6 percent ad valorem, based on 1996 rates of duty. With the possible exception of Bangladesh, none of the LDBC's is believed to have the capacity to produce watches for export. As such, U.S. imports from the LDBC's of watches, including those designated as GSP-eligible articles in 1989, are negligible. * * * industry officials report that they are unaware of any planned watch investment in the LDBC's, noting that a poorly developed private sector and infrastructure are major impediments to investment in the LDBC's.
- * * * officials of the watch industries in the United States and the U.S. Virgin Islands, which are fairly small, contend that granting GSP treatment to the LDBC's for watches could adversely affect their operations. They contend that a startup operation could be established in the LDBC's with minimal time and investment and that granting GSP treatment to the LDBC's could ultimately lead to such treatment for all GSP-eligible countries in the future.

Views of Interested Parties

The Commission received testimony at the public hearing and written statements in connection with the investigation from officials of the Governments of Lesotho and Mozambique,

who support the extension of additional GSP benefits to the LDBC; a trade consultant who recommends that sub-Saharan Africa be designated a “least developed continent” for GSP purposes; and U.S. industry and trade officials, most of whom oppose the additional GSP benefits for the LDBC. On a product basis, some interested parties expressed support of GSP treatment for the LDBC for crude petroleum, artificial fishing flies, watches, and unwrought cobalt alloys. Other interested parties expressed opposition to such GSP treatment for watches; unwrought manganese; specialty steel; steel wire rope; ceramic tile; commercial chinaware; glassware; dehydrated onion and garlic products; canned peaches, canned fruit cocktail, and frozen peaches; fresh cut roses; bicycles and certain bicycle parts; flatware articles; and fishing equipment.

CHAPTER 1

Introduction

The Generalized System of Preferences (GSP) program provides nonreciprocal tariff preferences to developing countries to promote their economic growth and development. Under the GSP program, articles classifiable under some 4,600 subheadings of the *Harmonized Tariff Schedule of the United States (HTS)* are eligible to enter free of duty from 145 designated beneficiary developing countries. In 1995, GSP duty-free imports totaled \$18.3 billion.¹

Title V of the Trade Act of 1974 (1974 Act) authorizes the President to provide GSP duty-free treatment, subject to statutory criteria for country and product eligibility. The authority had expired on July 31, 1995, following several extensions. On August 20, 1996, the President signed legislation amending title V of the 1974 Act and extending the GSP program to May 31, 1997; the reauthorization was retroactive to July 31, 1995.²

The 1996 amendments, among other things, authorize the President to designate certain articles not currently eligible for GSP duty-free treatment as eligible with respect to the least-developed beneficiary developing countries (LDBCs) if he determines such articles are not import sensitive in the context of imports from the LDBCs. The President may not designate certain statutorily exempt articles—textiles and apparel, and footwear and related articles.³ Likewise, the President may not designate watches as eligible articles unless he determines that such designation will not cause material injury to the manufacturing and assembly operations in

the United States and the U.S. insular possessions.⁴ Before designating an article, the President must first receive the advice of the U.S. International Trade Commission (Commission), and he must notify the Congress at least 60 days in advance of LDBC designations.

Purpose and Scope

On September 17, 1996, the Commission received a letter (see appendix A) from the United States Trade Representative (USTR) asking the Commission to initiate an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) for the purpose of providing advice as to the probable economic effect of granting GSP duty-free treatment to selected articles from 37 countries designated as LDBCs for GSP purposes. Specifically, USTR requested that the Commission—

- (1) In accordance with sections 503(a)(1)(B), 503(e), and 131(a) of the 1974 Act, with respect to each article listed in part A of the annex to USTR's letter, provide advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. duties under the GSP and, to the extent possible, the level of U.S. import sensitivity of such articles in the context of imports from the LDBCs; and
- (2) In accordance with sections 503(a)(1)(B), 503(b)(1)(B), 503(e), and 131(a) of the 1974 Act, with respect to the watches listed in part B of the annex to USTR's letter, provide advice as to the probable economic effect on watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the U.S. insular possessions and on consumers of the elimination of U.S. duties under the GSP and, to the extent possible, the level

¹ This figure covers calendar year 1995; although GSP authority expired on July 31, 1995, the program was renewed by Congress with retroactive effect (from August 1, 1995 through May 31, 1997). Those U.S. importers which continued to report imports under the GSP under Customs' directives are eligible for a refund of any duties paid in the latter part of 1995.

² The GSP Renewal Act of 1996, subtitle J of title I of the Small Business Job Protection Act of 1996 (Public Law 104-188, 110 Stat. 1755).

³ Section 503(a)(1)(B) of the Trade Act of 1974 (19 U.S.C. 2463(a)(1)(B)). See also the Conference Report for the GSP Renewal Act of 1996, published in the *Congressional Record* of Aug. 1, 1996, at H9659-H9660.

⁴ Sec. 503(c)(1)(B).

of U.S. import sensitivity of such watches in the context of imports from the LDBC.

For the specified watches, USTR also asked the Commission to provide data for the “material injury” determination required of the President under section 503(b)(1)(B) of the 1974 Act.⁵ For these operations, USTR requested data for the most recent 3-year period on annual production, capacity, capacity utilization, domestic shipments, exports, inventories, employment, wages, and financial experience (including prices). USTR also asked the Commission to provide data, to the extent possible, on LDBC watch production capacity, capacity utilization, domestic shipments, and exports to U.S. and other markets.

USTR also asked the Commission to provide, to the maximum extent possible, statistical profiles of the U.S. industry and market, U.S. trade data, and any other relevant information or advice.

Country and Product Coverage

The 37 countries designated as LDBCs for GSP purposes represent a diverse set of countries ranging in population from less than 200,000 people in Kiribati, Tuvalu, and Vanuatu (island states in the Pacific) to 118 million people in Bangladesh (table 1-1). The Administration had indicated that consideration was being given to redirecting GSP duty-free benefits to “countries who could use these benefits, which would be sub-Saharan Africa principally.”⁶ All but eight of the LDBCs are in sub-Saharan Africa.⁷ The other LDBCs include one in

the Western Hemisphere (Haiti) and seven in Asia or in the Pacific. The LDBCs all rank among the poorest countries in the world. Based on the latest published data of the World Bank on gross national product (GNP) per capita, 32 of the LDBCs were in the lowest income group (\$725 or less) and another 4 were in the lower middle income group (\$726 to \$2,895) in 1994.⁸

The articles under GSP consideration for the LDBCs are identified by *HTS* subheading numbers in the annex to USTR’s letter. Part A of the annex lists 1,850 items which, though currently not designated as GSP-eligible articles, are not statutorily precluded from GSP designation. Part B lists the watches, which were among several categories of “import-sensitive articles” excluded from GSP eligibility by the 1974 Act.⁹ However, section 503(b)(1)(B) of the 1974 Act authorizes the President to designate watches as eligible articles if he determines that such designation will not cause material injury to the manufacturing and assembly operations in the United States and the U.S. insular possessions.¹⁰ In 1995, LDBC shipments of the watches under GSP consideration for the LDBCs totaled \$11,000.

U.S. imports from the LDBCs grew at an average annual rate of 7 percent during 1991-95, to a total of \$4.5 billion, or less than 1 percent of overall U.S. imports in 1995 (table 1-2). Only about 15 percent of the LDBC shipments entered free of duty in 1995. The rest were dutiable imports consisting almost entirely of crude petroleum and petroleum-related products, and textiles and apparel. Whereas the energy products are included among the articles under GSP consideration for the LDBCs, textiles and apparel are statutorily excluded from GSP consideration.¹¹ Consequently, the

⁵ The Omnibus Trade and Competitiveness Act of 1988 amended section 503(b)(1)(B) of the 1974 Act to allow the President to designate watches as eligible articles if he determines that such designation will not cause material injury to the watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the insular possessions.

⁶ Charlene Barshefsky, Acting United States Trade Representative, remarks at the “Hearing Before the Trade Subcommittee of the House Ways and Means Committee on the World Trade Organization Ministerial Meeting,” Sept. 11, 1996 (LEGI-SLATE Report for the 104th Congress, Sept. 12, 1996, p. 8).

⁷ Of the 48 countries in sub-Saharan Africa, 19 are not LDBCs for GSP purposes. They include 12 GSP beneficiaries (Cameroon, Congo, Cote d’Ivoire, Ghana, Kenya, Mauritius, Namibia, Senegal, Seychelles, Swaziland, South Africa, and Zimbabwe), 3 countries whose GSP beneficiary status was suspended because they were not affording internationally recognized worker rights (Liberia, Mauritania, and Sudan), and 4 non-GSP beneficiaries (Botswana, Eritrea, Gabon, and Nigeria). For more information on sub-Saharan Africa, see U.S. International Trade Commission (USITC), *U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy* (investigation No. 332-362), USITC publication 2938, Jan. 1996, and second annual report, USITC publication 3000, Oct. 1996.

⁸ GNP per capita data for one LDBC, Tuvalu, are not available.

⁹ Other articles excluded from the GSP are (1) textiles and apparel subject to textile agreements, (2) import-sensitive electronic articles (few exclusions exist), (3) import-sensitive steel articles, (4) footwear, luggage, flat goods, and leather apparel not eligible for GSP on April 1, 1984, (5) import-sensitive semi-manufactured and manufactured glass articles, and (6) any articles the President determines to be import-sensitive in the context of the GSP.

¹⁰ In 1989, the President designated certain watches as GSP-eligible articles following a determination of no material injury. See President, Proclamation 6058 of Oct. 31, 1989, “To Amend the Generalized System of Preferences,” 54 F.R. 46348, Nov. 2, 1989.

¹¹ On January 14, 1997, the Commission received a letter from Congressman Bill Archer, Chairman, Committee on Ways and Means, U.S. House of Representatives, requesting that the Commission institute a study under section 332(g) of the Tariff Act of 1930 regarding the likely impact of certain legislation on textile and apparel production and trade. The letter requests, among other things, an assessment of the economic impact on U.S. producers, workers, and consumers of an elimination of the exclusion of textiles and apparel from GSP eligibility, as well as quota-free entry, for countries in sub-Saharan Africa. The letter states that the legislation, H.R. 4198, “African Growth and Opportunity: The End of

Table 1-1

LDBC: Mid-1994 population, 1994 gross national product (GNP) per capita, and 1995 U.S. imports

Country	Population mid-1994	GNP per capita 1994	U.S. imports, 1995		
	Millions	Dollars	Total	Dutiable	USTR request ¹
			1,000 dollars		
Sub-Saharan Africa					
Angola	10.4	(²)	2,251,009	2,222,868	2,222,862
Benin	5.3	370	9,756	8,555	7,468
Burkina Faso	10.1	300	193	82	0
Burundi	6.2	160	21,107	576	561
Cape Verde	.4	930	278	264	6
Central African Republic	3.2	370	354	3	0
Chad	6.3	180	3,137	40	37
Comoros	.5	510	2,217	15	0
Djibouti	.6	(³)	34	26	0
Equatorial Guinea	.4	430	30,468	27,685	27,648
Ethiopia	54.9	100	31,924	1,005	15
Gambia, The	1.1	330	2,252	106	4
Guinea	6.4	520	92,427	295	1
Guinea-Bissau	1.0	240	39	0	0
Lesotho	1.9	720	61,871	61,786	0
Madagascar	13.1	200	54,790	9,228	14
Malawi	9.5	170	38,815	33,871	31,530
Mali	9.5	250	4,770	3,074	339
Mozambique	15.5	90	26,888	316	25
Niger	8.7	230	1,492	1,001	197
Rwanda	7.8	80	1,434	0	0
São Tomé and Príncipe	.1	250	102	81	0
Sierra Leone	4.4	160	28,385	793	65
Somalia	8.8	(³)	90	6	0
Tanzania	28.8	140	18,497	3,322	0
Togo	4.0	320	3,009	782	20
Uganda	18.6	190	13,111	967	922
Zaire	42.5	(³)	255,736	122,102	121,903
Zambia	9.2	350	32,788	8	0
Other					
Bangladesh	117.9	220	1,258,336	1,141,942	8,259
Bhutan	.7	400	30	7	4
Haiti	7.0	230	119,762	25,928	11
Kiribati	.1	740	907	78	2
Nepal	20.9	200	95,562	90,960	1
Tuvalu	(⁴)	(⁴)	0	0	0
Vanuatu	.2	1,150	119	19	0
Yemen, Republic of	14.8	280	40,867	39,155	38,725
Total	450.8	(⁴)	4,502,555	3,796,943	2,460,617

¹ Includes only items under GSP consideration for the LDBCs.² Estimated by the World Bank to be lower middle income (\$726 to \$2,895).³ Estimated by the World Bank to be low income (\$725 or less).⁴ Not available.

Source: U.S. import data from official statistics of the U.S. Department of Commerce; all other data from the World Bank, *World Development Report 1996: From Plan to Market* (New York: Oxford University Press, June 1996), Washington, DC, pp. 188 and 222.

Table 1-2
U.S. merchandise imports for consumption, total and from LDBC, by sectors, 1995

(Million dollars)

Sector	World	LDBC		
		Total	Dutiable	USTR request ¹
Agriculture and forestry	66,962	282	36	34
Chemicals	52,452	30	1	(²)
Energy	60,336	2,435	2,418	2,418
Textiles and apparel	50,201	1,399	1,307	0
Minerals and metals	63,024	301	1	1
Other	446,685	56	34	8
Total	739,660	4,503	3,797	2,461

¹ Includes only articles under GSP consideration for the LDBC.

² Less than \$500,000.

Source: Compiled from official statistics of the U.S. Department of Commerce.

energy products account for almost all of the imports from the LDBC under GSP consideration, as well as for all or almost all the imports from Angola, Benin, Equatorial Guinea, the Republic of Yemen, and Zaire. Textiles and apparel accounted for almost all of the dutiable imports from Bangladesh, Nepal, Lesotho, and Haiti.

for a small share of the U.S. market for these products, however.

*	*	*	*	*
*	*	*	*	*
*	*	*	*	*

Findings

The Commission's analysis shows that * * *

U.S. imports of the articles under GSP consideration for the LDBC are either nil or negligible for all but a few LDBC and are concentrated in crude petroleum. U.S. duties on crude petroleum are * * * less than 1 percent ad valorem on a trade-weighted basis. * * * U.S. energy imports from the LDBC, particularly Angola, the largest LDBC supplier by far, are expected to grow slightly in the future, owing to recent U.S. investments in Angola to expand production for export. Among the non-energy articles under GSP consideration for the LDBC, the principal products are tobacco (\$33 million, mainly from Malawi) and fishing reels (\$8 million, from Bangladesh).¹² The LDBC account

¹¹—Continued

Dependency Act of 1996," which was introduced in September 1996, will be reintroduced in the 105th Congress. As requested by the Committee, the Commission will provide its report on investigation No. 332-379, *Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel from Sub-Saharan Africa*, by September 2, 1997 (see the Commission's notice in the *Federal Register* of February 21, 1997, on page 8036).

¹² The average trade-weighted duty is 12.75 percent ad valorem for the tobacco and tobacco products under consideration and 7.1 percent for the fishing equipment, based on 1996 U.S. rates of duty and combined dutiable imports from the LDBC and all other countries.

Organization of the Report

The rest of this chapter reviews the methodology used by the Commission to develop its probable economic effect advice. Chapter 2 examines U.S.-LDBC trade in energy products, tobacco and tobacco products, unwrought cobalt alloys, * * * under GSP consideration for the LDBC * * *. Chapter 3 provides the information requested on watches for the material injury determination required of the President. Chapter 4 summarizes the views of interested parties as presented in testimony at the public hearing and in written statements.¹³

Appendix E of the report¹⁴ contains a table presenting the Commission's probable economic effect (PE) advice and related production, trade, and tariff data for each of the nearly 1,900 *HTS* subheadings under GSP consideration for the LDBC. The PE advice is presented as a three-letter code summarizing the Commission's advice on U.S. imports, industries, and consumers (see explanation of PE codes below). The table also identifies for each *HTS* subheading the corresponding "USITC digest No.," which refers to product digests used by Commission staff to monitor trade and industry developments at a broader product level. For each digest

¹³ The views of interested parties concerning watches are summarized in chapter 3 of this report.

¹⁴ For further information on appendixes A through D, see the "preface" on page i of this report.

containing *HTS* subheadings under GSP consideration for the LDBC, appendix F presents a statistical profile of the U.S. industry and market for 1991-95.

Methodology

The Commission used both quantitative and qualitative analyses in developing its PE advice in this investigation. The quantitative analysis involved the use of a partial equilibrium model similar to that used by the Commission in recent PE investigations, and is discussed further in appendix G. The methodology, which uses appropriate elasticities, tariff rates, and market assumptions, was applied to each article with imports from the LDBC in 1995. The qualitative assessment was used to complement the quantitative analysis or was used in lieu of it for articles in which LDBC trade was nil or negligible. This assessment was conducted to the extent that information was available on LDBC production and exports, as well as any planned investment in the LDBC. The PE advice is based on information drawn from public and private sources, including official statistics of the U.S. Government, industry and trade publications, data in the Commission's files, and public comments received during the investigation.

As noted above, appendix E contains a table providing a coded summary of the Commission's PE advice on U.S. imports, industries, and consumers for each *HTS* subheading under GSP consideration for the LDBC. The coding scheme is shown below.

1. Level of U.S. imports from all sources, including the LDBC:

Code A: Little or no increase.

Code B: Significant increase.

Code C: Substantial increase.

2. Impact on U.S. industry and employment:

Code A: Little or no adverse effect.

Code B: Significant adverse effect (significant unemployment and declines in output and profits; firms depart, but adverse effect is not industry-wide).

Code C: Substantial adverse effect (substantial unemployment and declines in output and profits; widespread idling of productive facilities; effects felt by the entire industry).

3. Benefit derived by U.S. consumer:¹⁵

Code A: Most of the duty savings is likely to be absorbed by LDBC suppliers, and the price to the U.S. consumer is unlikely to fall significantly.

Code B: Duty savings are likely to benefit both the LDBC suppliers and the U.S. consumer.

Code C: Most of the duty savings is likely to benefit the U.S. consumer.

Code N: No effect.

¹⁵ The "U.S. consumer" may be a firm or person receiving an intermediate good for further processing or an end user receiving a final good.

CHAPTER 2

Selected Products Under GSP Consideration

This chapter provides information on selected articles under GSP consideration for the LDBC¹ for which trade is important, or may become more important, for these countries. It contains a summary of (1) the energy sector in Angola, the only LDBC¹ with viable reserves of crude petroleum and refining capacity;² (2) U.S.-LDBC trade in tobacco, an important article for Malawi; (3) U.S. trade in unwrought cobalt alloys with Zaire and Zambia, the only LDBC¹ with cobalt production facilities; * *

Energy Products

Crude petroleum is the primary energy product imported into the United States, both overall and from the LDBC¹s. Imports currently supply more than 50 percent of U.S. consumption of crude petroleum. Angola is the only LDBC that has viable reserves of crude petroleum and natural gas, as well as refining capacity. Based on U.S. Department of Energy data for 1993-95, Angola supplied about 5 percent of total U.S. imports of crude petroleum, or an average of 340,000 to 360,000 barrels per day (b/d), and less than 1 percent of U.S. imports of refined petroleum products, or an average of about 5,000 b/d.³

Elimination of U.S. duties under the GSP for crude petroleum and other energy products (classifiable in *HTS* chapter 27) from the LDBC¹s * * *.⁴

¹ Another LDBC, Yemen, reportedly has crude petroleum reserves estimated at 4 billion barrels; however, nearly 80 percent of these reserves are in North Yemen, an area involved in a border dispute with Saudi Arabia. The rest of Yemen's reserves are in undisputed areas in the South.

² Viable reserves are those that are both economically and technologically feasible to develop.

³ The other LDBC¹s together accounted for less than 1 percent of total U.S. imports of crude petroleum in 1995. Official U.S. trade data show imports of crude petroleum from Togo, which has no crude reserves; however, these imports are transshipments from other sources through Togo.

⁴ U.S. imports of natural gas from all countries are eligible to enter free of duty.

Duty rates for crude petroleum range from an estimated ad valorem equivalent (AVE) of 0.3 to 0.6 percent and those for refined petroleum products range from an AVE of 0.3 percent for fuel oils to 14.7 percent for specialty antiknock preparations.⁵ * * * U.S. energy imports from the LDBC¹s are likely to grow slightly in the future as a result of recent U.S. investments in Angola to expand production for export.

Reserves

The LDBC¹s together have 9.6 billion barrels of crude petroleum reserves, or less than 1 percent of the world's total reserves (table 2-1). Angola accounts for 56 percent of the LDBC reserves, or 5.4 billion barrels. Angola has one small refinery with a capacity to refine 32,100 b/d of crude; the refinery primarily produces low-grade fuels and tar. Natural gas reserves in Angola are estimated at 1.8 trillion cubic feet, or less than 1 percent of world reserves.⁶

Production and Consumption

Most of Angola's crude petroleum production is located offshore in the upper northern coastal region of Cabinda; other production areas are near the coastal town of Soyo (both offshore and onshore) and the coastal city of Luanda. Cabinda crude is sweet with an average API gravity of 32 degrees.⁷

⁵ U.S. imports of refined petroleum products from Angola consist entirely of certain tars; Angola does not have the capacity to produce the more specialized products such as antiknock preparations.

⁶ Information in paragraph is from *Oil and Gas Journal*, "Worldwide Refining," Dec. 23, 1996, pp. 50-51, and "Worldwide Production," Dec. 30, 1996, pp. 40-41.

⁷ Crude petroleum is "sweet" or "sour," depending on the levels of impurities that must be removed before refining. Sweet crude contains only small quantities of hydrogen sulphide gas and carbon dioxide and is generally easier to

Table 2-1

Crude petroleum: Reserves as of January 1, 1997, 1996 production, and 1996 refining capacity, by selected LDBC

Country	Reserves	Production	Refining capacity
	1,000 barrels	1,000 barrels per day	Barrels per day
Angola	5,412,212	705	32,100
Bangladesh	5,439	1	0
Benin	28,900	2	0
Equatorial Guinea	12,000	9	0
Ethiopia	428	0	0
Yemen	14,000,000	338	120
Zaire	2187,000	30	10,000
Total	9,645,979	1,085	42,220
Total world	1,018,849,419	63,375	76,066,302

¹ These reserves are in dispute as much of the reserve base is located along the border of Yemen and Saudi Arabia.

² Much of Zaire's reserve base is shared with Angola in the Cabinda region.

Source: *Oil and Gas Journal*, "Worldwide Refining," Dec. 23, 1996, pp. 50-51, and "Worldwide Production," Dec. 30, 1996, pp. 40-41.

Angola's production of crude petroleum increased from about 504,000 b/d in 1990 to 705,000 b/d in 1996.⁸ In 1996, Angola exported about 60 percent of its crude production, primarily to Europe, Japan, and the United States; the remainder was consumed domestically. Natural gas production during 1993-96 averaged about 20 billion cubic feet per year, all of which was consumed domestically.

Angolan crude petroleum production could reach 760,000 b/d by the year 2000, according to industry forecasts. The projected increase in output, which is expected to be exported, is based on the restart of onshore Soyo region fields, the expansion of shallow offshore drilling near Luanda, and the development of deeper offshore fields.⁹

Industry Structure

The state-owned company SONANGOL controls the petroleum industry in Angola. It seeks foreign investment in the form of joint ventures to obtain much-needed technology and capital to drill offshore wells.¹⁰ SONANGOL also enters into licensing arrangements with foreign firms to explore for

and produce crude petroleum. Under such arrangements, the Government's profit depends on a field's productivity and the foreign partner's rate of return on its investment.

U.S. firms currently operating in Angola include Chevron, Texaco, Exxon, and Occidental; other foreign, multinational firms operating there include Shell, Elf, Agip, and British Petroleum. Chevron, the primary producer in Angola (accounting for more than 50 percent of total production), currently produces 400,000 b/d of crude petroleum, with 50 percent slated for export to the U.S. market.¹¹ The firm recently announced plans to develop new fields in Cabinda at an estimated investment of about \$700 million. Texaco also announced plans for a 5-year exploration and production investment of \$600 million in offshore fields in Soyo. Both the Chevron and Texaco investments are joint venture projects with SONANGOL.

Unmanufactured Tobacco and Certain Tobacco Products

U.S. imports from the LDBC of tobacco and tobacco products under GSP consideration totaled \$33.2 million in 1995, or 14 percent of total imports of these articles. About 92 percent of the imports from the LDBC, or \$30.7 million, were unmanufactured tobacco from Malawi. Imports of unmanufactured tobacco and certain tobacco products are subject to tariff-rate quotas (TRQs), which are allocated on a country-by-country basis for the major suppliers, with a residual quota set aside for

⁷—Continued

refine than sour crude, which must have the impurities removed. API gravity is an arbitrary scale expressing gravity or density of petroleum. The higher the API gravity, the lighter the compound. In general, light crudes exceed 38 degrees API, intermediate crudes range from 22 to 38 degrees, and heavier crudes are 22 degrees or lower.

⁸ "Worldwide Production," *Oil and Gas Journal*, Dec. 30, 1996, p. 41.

⁹ Ibid. and "51st Annual International Outlook," *World Oil*, Aug. 1996, pp. 99-100.

¹⁰ Information in this paragraph is based on staff conversations with U.S. industry officials, Nov. 15, 1996, and from the U.S. Department of Energy, "Country Analysis Briefs: Angola," Oct. 1996.

¹¹ R. Bruce Marsh, general tax counsel, Chevron Corp., written statement to the USITC, Dec. 6, 1996.

smaller suppliers.¹² Malawi is the only LDBC with a TRQ allocation for unmanufactured tobacco. For the quota year ending September 12, 1996, Malawi used 99.9 percent of its 12,000-metric-ton quota and the small suppliers, including all the other LDBCs, filled the 3,000-metric-ton residual quota for unmanufactured tobacco and certain manufactured tobacco products.

* * * the benefits will apply only to in-quota (as opposed to above-quota) imports and the TRQ allocations for the LDBCs will remain unchanged from current levels. * * * U.S. imports of unmanufactured tobacco and certain tobacco products from the LDBCs other than Malawi are very small, especially for cigarettes and other manufactured tobacco products, largely reflecting strong consumer preferences for domestic products. The average trade-weighted duty for unmanufactured tobacco and certain tobacco products is 12.75 percent ad valorem, based on 1996 U.S. rates of duty and combined dutiable imports from the LDBCs and all other countries.

Unmanufactured Tobacco

Unmanufactured tobacco is used to manufacture cigarettes and other tobacco products. The United States is the world's second-largest producer (after China) of tobacco, accounting for about 11 percent of world output during 1993-96. U.S. production fell by 7 percent during the period from 732,000 to 683,000 metric tons. The United States produces nearly all types of tobacco, and U.S. tobacco is known for its high quality. The only LDBCs with significant production of unmanufactured tobacco are Malawi and, to a much lesser extent, Bangladesh and Tanzania. Malawi's tobacco production, most of which is exported, is about one-fifth of that in the United States. Tobacco production is labor-intensive, with the LDBCs having a labor-cost advantage relative to the United States.

The 1996 in-quota rates of duty ranged from 26.7 cents per kilogram for flue-cured and burley tobacco to \$6.13 per kilogram for stemmed or stripped

tobacco that is the product of two or more countries mixed together.¹³ Most of the imported tobacco under GSP consideration for the LDBCs was dutiable at a 1996 rate of 41.9 cents per kilogram (estimated AVE of 10.9 percent) under *HTS* subheading 2401.20.85, which provides for certain stemmed or stripped tobacco threshed or similarly processed. The over-quota rates were equivalent to about 350 percent ad valorem.

The U.S. Department of Agriculture (USDA) administers a program of production controls and price supports for most tobacco, which has been in effect since the 1930s. USDA establishes marketing quotas and acreage allotments to limit the quantity of U.S. tobacco production.¹⁴ It also provides nonrecourse loans to support and stabilize tobacco prices and growers' income. USDA imposes a marketing assessment fee on all tobacco sold domestically in order to shift the risk of loan losses from the Government to growers. Under the No-Net-Cost Tobacco Program of 1982, USDA assesses a fee of 1 percent of the support price on every pound of tobacco marketed. Growers and buyers each pay 0.5 percent of the national loan rate, while importers pay 1 percent.

Tobacco Products

The manufactured products under GSP consideration for the LDBCs include cigarettes, cigars, cheroots, cigarillos, smoking tobacco, chewing tobacco, and snuff. According to U.S. Department of Commerce data, imports of these articles from the LDBCs in 1995 totaled only \$40,000, or less than 1 percent of overall imports of about \$78 million. U.S. duties for in-quota tobacco products range from \$1.91 per kilogram plus 4.1 percent ad valorem for cigarettes to \$3.44 per kilogram plus 8.6 percent for certain cigars, cheroots, and cigarillos, and 36.7 cents per kilogram for smoking tobacco.

The largest producer of cigarettes among the LDBCs is Bangladesh, which produced 14 billion to 15 billion cigarettes a year during 1993-96. Tanzania was the largest LDBC exporter, annually exporting roughly 500 million cigarettes during the period.

U.S. production of cigarettes, cigars, and cigarillos rose during 1993-96, whereas production of smoking tobacco fell. Cigarette production grew by 15

¹² The TRQs have been in effect since September 1995, replacing a domestic-content rule that required U.S.-produced cigarettes to contain at least 75 percent domestic tobacco. The TRQ for unmanufactured tobacco and certain tobacco products for the quota year ending September 12, 1996, totaled 150,450 metric tons, and it covers certain tobacco except oriental, binder, cigar wrapper, and filler tobacco. This TRQ covers the aggregate tobacco quantity entered, or withdrawn from warehouses, for the *HTS* subheadings specified in note 5 of *HTS* chapter 24. It is designed to limit imports of flue-cured and burley tobacco for use in U.S. cigarette manufacturing and consumption. See U.S. Department of Agriculture, Foreign Agricultural Service, *Tobacco: World Markets and Trade*, FT-9-96, Sept. 1996, pp. 4-8.

¹³ Processors that both import and export tobacco or tobacco products are eligible for drawback, or a refund, of 99 percent of the import duties paid. The current use of drawback is believed to be small.

¹⁴ Production quotas are tied to the land, so only growers owning or renting land with quotas can grow tobacco. Annual national marketing quotas apply to flue-cured and burley tobaccos and acreage allotments apply to flue-cured, fire-cured, dark air-cured, cigar binder, and cigar filler tobaccos.

percent to an estimated 760 billion cigarettes, while imports fell by 74 percent to an estimated 3.0 billion cigarettes.¹⁵ The growth in production largely reflected increased foreign demand for U.S. cigarettes, as exports grew by 33 percent to an estimated 260 billion cigarettes, or 34 percent of U.S. output. U.S. cigarette consumption has declined by 15 percent since 1987 to an estimated 487 billion cigarettes in 1996.¹⁶ U.S. cigar and cigarillo production rose by 40 percent to an estimated 2.5 billion units and imports slightly more than doubled to 280 million units. U.S. exports of cigars and cigarillos grew by 25 percent to 84 million units. For smoking tobacco, U.S. production declined by 16 percent to 11.5 million pounds, imports fell by 28 percent to 4.9 million pounds, whereas exports tripled to 1.2 million pounds.

Unwrought Cobalt Alloys

Zaire and Zambia are the only LDBC with cobalt production facilities. Neither LDBC currently has the capacity to produce the unwrought cobalt alloys made in the United States and neither is likely to develop the capacity, at least in the short term, because of a lack of technical capability and more pressing investment requirements (production facilities in Zaire and Zambia are owned by the Government).¹⁷ The U.S. industry produces “pure” unwrought cobalt alloys, which are in a form ready for downstream fabrication, whereas the LDBC’s produce “impure” unwrought cobalt alloys. Representatives of the cobalt producer in Zaire and U.S. industrial consumers consider these impure alloys as unrefined unwrought cobalt. Unwrought cobalt is the principal raw material used in the production of pure unwrought cobalt alloys.¹⁸ However, impure cobalt alloys of the type produced in the LDBC’s are also used, without refining, to produce pure unwrought cobalt alloys. The impure unwrought cobalt alloys from the LDBC’s sell at a discount to the published price of unwrought cobalt.¹⁹ Industry sources state that the importation into the United States of impure alloys from the LDBC’s is not currently economically feasible, because the discount

is more than offset by the U.S. rate of duty for the alloys (5.1 percent ad valorem in 1996).²⁰

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Product and U.S. Trade

The 5.1-percent duty for unwrought cobalt alloys (whether pure or impure) under *HTS* subheading 8105.10.30 is scheduled to be reduced to 4.4 percent in 1999 as a result of concessions made by the United States in the Uruguay Round.²¹ The *HTS* defines these alloys as metals in which the cobalt content is less than 99 percent by weight of the metal, but not less than any other metallic element. Unwrought cobalt has a cobalt content of at least 99 percent and enters free of duty from all countries under subheading 8105.10.60.

Zaire was the only LDBC to export unwrought cobalt alloys to the United States during 1991-95, supplying just 1 percent, or \$56,000, of the \$5.5 million (101,000 kilograms) in U.S. imports (both pure and impure) in 1995. The major source of unwrought cobalt alloys—Japan (\$2 million), Belgium (\$803,000), and Sweden (\$750,000)—supply pure cobalt alloys. Since the importation of impure alloys is not economically feasible, shipments from the LDBC’s are concentrated in duty-free unwrought cobalt. U.S. imports of such cobalt from the LDBC’s totaled \$64 million, or 20 percent of the \$323 million (5.6 million kilograms) in total imports in 1995. Norway was the largest supplier of unwrought cobalt, with shipments of \$94 million, followed by Canada (\$61 million), Finland (\$41 million), Zaire (\$34 million), Russia (\$31 million), and Zambia (\$31 million).

The United States does not produce unwrought cobalt, but it is a major producer of unwrought cobalt alloys. Raw materials used by the U.S. industry include unwrought cobalt, impure unwrought cobalt alloys, and other cobalt-containing raw materials from foreign sources; recycled cobalt-containing scrap from domestic sources; and unwrought cobalt purchased from the National Defense Stockpile.²² U.S. consumption of cobalt for all uses totals about 7,500 metric tons a year, with consumption of co-

¹⁵ USDA, Economic Research Service, *Tobacco: Situation and Outlook Report*, TBS-236, Sept. 1996, p. 5-8.

¹⁶ Estimated U.S. cigarette consumption in 1996 does not exactly equal production plus imports, less exports, because of “miscellaneous shipments” (e.g., sales on U.S. military bases overseas) and “adjustments” or inventory changes that the USDA cannot account for. See USDA, *Tobacco: Situation and Outlook Report*, Sept. 1996, p. 5.

¹⁷ The term “unwrought” refers to metal products metallurgically processed into a form for use in downstream fabrication operations to make wrought (i.e., mechanically shaped into sheet, bars, etc.) or cast products.

¹⁸ Zaire’s capability to upgrade impure unwrought cobalt alloys to unwrought cobalt is limited because the main refining plant in that country needs extensive restoration.

¹⁹ Transcript of the public hearing, p. 68.

²⁰ Douglas Geniti, senior sales executive, African Metals Corp., transcript of public hearing, p. 77.

²¹ The European Union, an important market for unwrought cobalt alloys, provides duty-free entry to such alloys. See transcript of public hearing, p. 80.

²² The United States has over 20,000 metric tons of cobalt in the National Defense Stockpile, but has scaled back inventory requirements in recent years because of the reduced likelihood of war in the post-Soviet Union era. Annual sales of unwrought cobalt from the Stockpile have averaged about 2,000 metric tons since 1993.

balt in pure cobalt alloy form currently averaging about 1,500 metric tons.²³

The main uses of cobalt are in superalloys for use primarily in blades and other parts of turbines; magnetic alloys for use in electric motors; chemical compounds, mainly as driers and pigment agents; and cemented carbides for use as cutting heads in machine tools. Cobalt is used in metallic applications because it strengthens alloys, has high abrasion resistance and good magnetic properties, and maintains these properties at elevated temperatures. To produce pure unwrought cobalt alloys, cobalt is combined with other metals such as nickel, chromium, and samarium to produce cobalt-based superalloys and certain magnetic alloys.

LDBC Industry

Zaire and Zambia both have extensive deposits of rich copper-cobalt ore.²⁴ According to the U.S. Geological Survey, Zaire has the largest ore reserves of cobalt in the world, twice as much as Cuba, which has the second-largest reserves. Zambia has the third-largest reserves. Foreign investors helped develop the mining industries in Zaire and Zambia for copper and cobalt, enabling these LDBCs to emerge as major world producers of cobalt. Both countries subsequently nationalized their mining sectors at independence during the 1960s.²⁵

The mining industries, once major sources of economic growth, export earnings, and employment in Zaire and Zambia, have declined significantly in importance since the late 1980s. Both countries had redirected earnings of their nationalized mining industries to other sectors of the economy and, consequently, reinvestment in new production technology and infrastructure lagged. In addition, a deterioration of the political climate contributed to the decline of the industry in Zaire; its capacity to produce pure cobalt is now severely limited. Between 1988 and 1995, Zaire's cobalt mine production fell from over 25,000 metric tons to 2,000 metric tons, while Zambia's output fell from almost 7,000

metric tons to 3,300 metric tons.²⁶ The production decline in Zaire was exacerbated by a ground collapse at a major cobalt-producing mine in 1990 and by riots that damaged cobalt facilities in 1991 and 1993. Much of the cobalt produced in Zaire since then has come from stockpiled raw material.

Zaire and Zambia are pursuing foreign investment to modernize their mining industries.²⁷ Zambia enacted legislation in 1995 to attract foreign investment, and is seeking buyers for its state-owned copper-cobalt mining company. Privatization of the state-owned copper-cobalt firm in Zaire is under consideration. A number of multinational mining firms have expressed interest in investing in Zaire and Zambia (including Phelps Dodge Co. and Cyprus Amax Co., two large U.S. producers of nonferrous metals), and exploration for new deposits is currently taking place. Trade sources indicate that it will take as much as \$1 billion to restore Zaire's existing mining operations to levels reached in the 1980s. In addition, trade sources indicate that foreign firms are interested in investing in a huge, undeveloped copper-cobalt deposit in Zaire, which would likely require an investment of \$1 billion.

According to officials of the African Metals Corp., which represents Zaire's cobalt producer, GSP benefits will likely make Zaire more attractive to foreign investment in the infrastructure necessary to rekindle mining activity.²⁸ Recent investment interest in Zaire and Zambia centers on production of cobalt ore or unwrought cobalt, rather than on production of unwrought cobalt alloys directly competitive with those made in the United States. However, any major foreign investment in LDBC cobalt operations is likely to be contingent upon the continuation of political and economic reforms and stability. Zaire and Zambia must compete for investment with other, more stable regions of the world that have liberal foreign investment regulations and also high-quality deposits.

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²³ Consumption estimate provided by cobalt commodity analyst at the U.S. Geological Survey.

²⁴ Cobalt is rarely mined as a primary material; it is most often a byproduct of copper or nickel mining.

²⁵ The U.S. sales agent for Zaire's cobalt producer, Gecamines, is the African Metals Corp., a New York firm owned 50 percent by Gecamines and 50 percent by Sogem-Afrimet Inc. Gecamines is the mining and refining company of the Government of Zaire. Sogem-Afrimet is a New York firm owned by Union Minière of Belgium. See Douglas Geniti, senior sales executive, African Metals Corp., written statement to the USITC, Nov. 19, 1996.

²⁶ Mine production figures provided by the U.S. Geological Survey. Although cobalt exports of Zaire and Zambia declined substantially in quantity as production fell, the value of the exports remained fairly stable during 1991-95 because cobalt prices rose from less than \$10 to about \$30 per metric ton, mainly because of strong demand for superalloys for use in jet turbine engines.

²⁷ Information in this paragraph was compiled from numerous sources. See, for example, "ZCCM Extends Invitation in Privatization," *Platt's Metals Week*, vol. 67, No. 37, Sept. 9, 1996, p. 2; "Zaire Unrest Spares Metal Mining Plan," *American Metal Market*, vol. 104, No. 224, Nov. 18, 1996, p. 1; and U.S. Department of State telegram No. 5270, "Malta Forrest and Union Minière Revive Gecamines Cobalt Sites," prepared by U.S. Embassy, Kinshasa, July 1996.

²⁸ Transcript of the public hearing, p. 78.

CHAPTER 3

Watches And Watch Straps, Bands, or Bracelets

Background

This chapter provides the advice and data requested by USTR for watches, as discussed in chapter 1 of this report. Specifically, USTR requested that the Commission provide the following:

Its advice, with respect to the watches listed in part B of the annex to USTR's letter, as to the probable economic effect on watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the U.S. insular possessions and on consumers of the elimination of U.S. duties under the GSP and, to the extent possible, the level of U.S. import-sensitivity of such watches in the context of imports from the LDBC's; and

In order to form a basis for the material injury determination required by section 503(b)(1)(B) of the 1974 Act, provide, to the degree possible, data on the following factors for the most recent 3-year period for the watch and watch band, strap and bracelet manufacturing and assembly operations in the United States or the U.S. insular possessions: annual production, capacity, capacity utilization, domestic shipments, exports, inventories, employment, wages and financial experience (including prices). In addition, provide data for the most recent 3-year period, to the extent possible, on the following factors for current and potential LDBC producers: current and potential production capacity and capacity utilization, domestic shipments, and exports to the U.S. and other markets.

The watches specified in USTR's letter include all watches except those designated by the President as GSP-eligible articles in 1989.¹ U.S. imports of the specified watches from all sources in 1995 amounted to \$1.8 billion, or 87 percent of total

watch imports of \$2.1 billion. Most of the imports under GSP consideration consisted of quartz analog watches, which also accounted for most of the shipments of assemblers in the United States and the U.S. Virgin Islands, the only insular possession with watch assembly operations. Imports of the specified watches from the LDBC's were nil in 1993, \$37,000 (from Zaire and Mali) in 1994, and \$11,000 (from Niger) in 1995.

For purposes of this report, watch production is defined as the assembly of a watch from its various components.² Watch assembly includes inspection and quality control of individual components, fitting the dials and hands, casing (i.e., inserting and attaching a watch movement to a case), and final inspection. Packaging, banding, and quality control alone do not constitute watch assembly.

The rest of this chapter provides a summary of (1) the probable economic effect advice for watches and their import sensitivity, (2) data for the material injury determination, (3) information on the LDBC watch sector, and (4) views of interested parties. Tables containing data for the material injury determination are at the end of the chapter. The information in this chapter was compiled mainly from data submitted in response to Commission questionnaires, supplemented by information received at the hearing or in written statements, and from domestic fieldwork, telephone interviews with U.S. industry officials, the U.S. Department of Commerce, and U.S. embassies in the LDBC's.

Probable Economic Effect Advice

For the watches under consideration, elimination of U.S. duties under the GSP for the LDBC's will like-

¹ Proclamation 6058 of Oct. 31, 1989, "To Amend the Generalized System of Preferences," 54 F.R. 46348, Nov. 2, 1989.

² This definition of watch assembly is the same as that used in USITC, *Probable Economic Effects of Providing Duty-Free Treatment for Watches Under the Generalized System of Preferences* (investigation Nos. TA-131(b)-13, TA-503(a)-17, and 332-266), USITC publication 2181, Apr. 1989.

ly have * * *.³ The average trade-weighted duty for the watches, based on 1996 rates, is 6.6 percent ad valorem. U.S. imports from the LDBC's of the watches under GSP consideration are negligible. Moreover, for the watches granted GSP treatment in 1989, imports from the LDBC's were nil during 1993-95.⁴ With the possible exception of Bangladesh, the LDBC's are believed to have virtually no capacity to produce watches for export. *

* *

Industry officials report that they are unaware of any planned watch investment in the LDBC's, noting that a poorly developed private sector and infrastructure are major impediments to investment in the LDBC's. Nevertheless, they contend that a startup operation could be established in the LDBC's with an investment of about \$150,000, assuming that a building already exists, and operations could begin within 3 to 4 months.⁵ Accordingly, several watch assembly firms reported that potential future competition from the LDBC's has led them to halt planned expansion of their plants and/or equipment in the Virgin Islands pending the outcome of a Presidential decision with respect to extending GSP benefits to watches from the LDBC's.⁶

Summary of Data for Material Injury Determination

The Commission sent a questionnaire to five watch assemblers in the United States, four watch and watch movement assemblers in the U.S. Virgin Islands, and nine U.S. producers of watch straps, bands, and bracelets. Three of the five U.S. assemblers provided usable data, while the other two certified that they have not assembled watches in the United States since at least January 1, 1993.⁷ The

³ Probable economic effect advice is provided in appendix E of this report for each subheading in *HTS* chapter 91 providing for the watches under GSP consideration for the LDBC's.

⁴ U.S. imports of GSP-eligible watches in 1995 totaled \$280 million, of which 17 percent, or \$48 million, entered free of duty under the GSP. Digital watches accounted for more than 90 percent of the GSP duty-free imports.

⁵ Based on information submitted in response to the Commission's questionnaire from U.S. watch assemblers, who estimate the cost of equipment at about \$100,000 to \$125,000 and training of production workers at \$25,000 to \$50,000. Installation of the equipment would require 1 to 2 months and training 1 to 3 months.

⁶ Based on information submitted in response to the Commission questionnaire; from an official of a U.S. firm, telephone interview by USITC staff, Dec. 13, 1996; and Law & Economics Consulting Group, Inc., "The Economic Effects of Expanding Duty-free GSP Benefits to LBDCs (sic) on Watch Imports," 1997, p. 33.

⁷ * * *

Commission received usable data from the four questionnaire recipients in the Virgin Islands, as well as from the only other assembler there as part of the response to the Commission questionnaire by its U.S. affiliate. Six of the nine strap, band, and bracelet producers provided usable data.

Production and Employment

U.S. watch assembly industry.—The U.S. watch assembly industry is believed to comprise fewer than 10 firms. About * * * percent of the industry's output comes from three firms, * * *⁸. The remainder is supplied by at least four other firms operating on a small scale, including * * *⁹

- Based on questionnaire responses and interviews with industry officials, U.S. assembly of watches is estimated to have * * * (summary table 3-1). * * *¹⁰
- Production of * * *. Production of the other four firms together is estimated at about * * * units a year during 1993-95.
- The number of U.S. production and related workers assembling watches in 1995 totaled an estimated * * *. Employment of such workers at the * * * reporting establishments * * * in 1995.¹¹ Four additional small firms employed a total of * * * production workers.

U.S. Virgin Islands watch assembly industry.—The Virgin Islands watch assembly industry began in the late 1950s in response to a tariff incentive allowing duty-free entry of goods into the United States from U.S. insular possessions. By the early 1980s, Asian producers had adopted major changes in watchmaking technology, placing the insular possession industry at a severe competitive disadvantage until it could change from its reliance on conventional watch technology. In 1983, Congress enacted legislation, renewed in 1994 for another 12 years, authorizing an additional production incentive for insular possession watch assemblers known as the "production incentive certificate" (PIC) program, which in effect reduces their labor costs. In 1995, Virgin Islands watch assemblers received re-

⁸ * * *

⁹ * * *

¹⁰ Response to USITC questionnaire, Dec. 1996.

¹¹ In general, U.S. watch assemblers do not produce other articles on the same equipment used in the assembly of watches, or use the same production workers.

bates from the U.S. Government of nearly * *
 * percent, or * * *, of wages paid.¹²

The watch assembly industry in the U.S. Virgin Islands now consists of five firms, following the closure of the watch operations of Timex V.I. in October 1995.¹³ The five firms are estimated to have accounted for over * * * percent of the assembly of watches and watch movements in the Virgin Islands in 1995, with Timex V.I. accounting for the rest.

- Assembly of watches and watch movements of the 5 firms * * * (summary table 3-2). * * * of the firms reported * * * while * * * production. Of the four firms providing data for January-September 1995 and 1996, * * * compared with the 1995 period.
- The average number of production and related workers assembling watches and watch movements for the five firms * * *. Employment in the 1996 period * * *. In addition, the closure of Timex's watch operations in October 1995 reduced employment in the Virgin Islands industry by about * * * persons.¹⁴
- * * * of the five firms stated that they have * * * in their watch operations since January 1993. * * *

U.S. watch strap, band, and bracelet industry.—The six firms responding to the Commission questionnaire accounted for an estimated 85 percent of U.S. production of watch straps, bands, and bracelets in 1995.¹⁵ * * * The other firms include * * *. Some firms import straps, bands, or bracelets that they do not produce domestically to fill out their product lines. A small number of other U.S. firms are believed to produce straps, bands, or bracelets on a small scale.

- U.S. production of watch straps, bands, and bracelets * * * (summary table 3-3). For the five firms reporting data for January-September 1996, output was * * * the corresponding 1995 period. * * *¹⁶ The smaller firms * * *.¹⁷ At least one firm * * *.¹⁸

¹² Information on the 1995 rebates is from an official of the U.S. Department of Commerce. The U.S. Departments of Commerce and Interior jointly regulate the program. Additional information on the PIC program may be found on the World Wide Web at http://www.ita.doc.gov/import_admin/sips/sipswap.html (Oct. 4, 1996).

¹³ Official of Timex Corp., telephone interview by USITC staff, Oct. 31, 1996.

¹⁴ * * *

¹⁵ The other questionnaire recipients include * * *.

¹⁶ * * *

¹⁷ * * *

¹⁸ * * *

- * * *

- The average number of production and related workers * * *.¹⁹ Employment in January-September 1996 totaled * * *. Hours worked by the workers * * *.

Financial Condition

Financial data were provided by two U.S. watch assemblers, * * * all five Virgin Islands firms, and five U.S. producers of watch straps, bands, or bracelets (tables 3-4 to 3-9). Table 3-10 contains data on the value of their property, plant, and equipment, and table 3-11 shows their capital expenditures and research and development expenditures.

- * * *

- The Virgin Islands firms' net sales * * *. All five Virgin Islands assemblers sell or transfer²⁰ substantially all of their production to affiliated firms in the United States.²¹ The selling or transfer prices to affiliates may not be arms-length transactions.²² Since the transfer price is based on net cost after the production incentive certificate (PIC), net income is a better indicator of the profitability of the Virgin Islands firms than operating income. * * * after allowing for the PIC. Net income margins of the five firms together were * * *.
- For U.S. producers of watch straps, bands, or bracelets, the operating income margin * * *.²³

Pricing

The Commission received usable quarterly price data from two U.S. watch assemblers, * * * two U.S. Virgin Islands assemblers, * * * and five U.S. watch strap, band or bracelet producers, * * *. Three other Virgin Islands firms

¹⁹ * * *

²⁰ Net sales prices are generally based on the cost of movements, cost of assembly, and a profit with cost defined as net cost after the PIC. Other income consists mainly of the value of the PIC, which entitles the certificate holder to a duty refund based on creditable wages and the total units of watches and watch movements shipped free of duty into the customs territory of the United States. Some firms accrue the PICs as earned and others record them when received. The PIC is transferable and can be sold at a discount. * * *

²¹ The companies' affiliation occurs through either direct or common ownership.

²² The sales values and related costs of the U.S. affiliates for the sale of the Virgin Islands-assembled watches have been requested. * * *

²³ * * *

provided questionnaire comments * * *. Due to data limitations, extrapolating from the data points to market conditions must be done with caution.

- Data reported by * * * (table 3-12). For the same watches assembled in the Virgin Islands (table 3-13), shipments * * * significantly during 1993-95 before * * * in the 1996 period. However, the average unit value of these watches * * *.
- Data reported for U.S. producers of watch straps, bands, or bracelets show * * * for metal expansion watch bands clad with gold or other precious metal or plated with 14 kt. gold or other precious metal to a thickness of 1 to 3 microns (table 3-14). Prices * * * for nonembossed leather watch straps with finished edge and with gold plated or base metal buckle (table 3-15). For metal link, nonexpansion watch bands clad or plated with gold or other precious metal to a thickness of 2 to 3 microns (table 3-16), prices * * *. For a miscellaneous category (table 3-17) consisting mostly of * * *.

LDBC Watch Sector

The only LDBC known to have watch-related production are Tanzania and Bangladesh. In Tanzania, the few producers of watch bands, straps, and bracelets operate on a small scale and serve the local market. U.S. Embassy officials in Tanzania report that the amount of bands produced locally is "insignificant."²⁴ In Bangladesh, three small-scale watch assembly operations produce for the local market; one of these firms is said to employ * * *.²⁵ Industry sources estimated that labor costs for watch assembly in Bangladesh would amount to 61 cents per unit less than comparable assembly in the U.S. Virgin Islands (net of incentives under the PIC program); the industry sources stated that the labor cost savings would provide sufficient incentive to establish watch assembly operations in Bangladesh.²⁶ According to U.S. Embassy officials in

²⁴ U.S. Embassy officials in Tanzania stated that the Government-owned "Tanzania Watch Assembly" plant was liquidated by the Parastatal Sector Reform Commission in 1994, and that most of its assets have been sold to numerous small-scale watch repairers and former company employees. As a result, officials report that it would be difficult for a potential investor to resume watch assembly in Tanzania with this machinery.

²⁵ U.S. Embassy officials in Bangladesh were unable to provide additional information on these firms; however, * * *. Embassy officials noted that another assembly operation, * * *.

²⁶ Law & Economics Consulting Group, Inc., "The Economic Effects of Expanding Duty-free GSP Benefits to LDBCs (sic) on Watch Imports," 1997, p. 16.

Bangladesh, none of the local watch firms exports or plans to export to the United States, * * *. U.S. Embassy officials in Lesotho reported that an Asian firm is in preliminary discussions with the * * *.

Position of Interested Parties

The Commission received comments regarding GSP duty-free treatment for the LDBCs at the hearing, in written statements, and in response to its questionnaires. Of the comments received for watches, only Timex Corp. supports granting such GSP treatment.

The Government of the U.S. Virgin Islands states that the watch industry is crucial to its economy, with 5 firms providing over 300 high-wage, high-skilled jobs and supporting many other jobs in the local economy. The Government states that competition from countries with low labor costs has resulted in the decline of its watch industry since the 1970s, when 19 companies in the Virgin Islands employed over 2,000 people, leaving the industry more vulnerable to further competition. It also contends that watch production is very mobile, compounding the potential for material injury.

Timex Corp., Middlebury, CT, states that it has no plans to invest in watch or watch band, strap, or bracelet operations in the LDBCs. It states "most of the watch manufacturing done in the United States is conducted by Timex" and, with the exception of the Virgin Islands firms, "virtually all other U.S. watch companies are importers." Timex asserts that granting GSP benefits for the LDBCs would not materially injure the watch industry in the United States or the U.S. Virgin Islands because competing firms would not move to the LDBCs due to factors such as lack of education and reliable transportation in such countries. Moreover, Timex said, the Virgin Islands industry would not be harmed because it receives benefits and subsidies, including wage subsidization and duty-free entry into the United States of its watches and movements.

The five Virgin Islands watch producers state that "Timex implied that only firms that manufacture watches from U.S. raw materials should be deemed to be part of the domestic watch industry;" however, the applicable industry definition in the GSP statute is, ". . . assembly operations in the United States or United States insular possessions."²⁷ The producers state that partly due to three hurricanes during 1988-95, they experienced declines in their shipments to the United States during the period of

²⁷ 19 U.S.C. § 2464.

49 percent by volume and 59 percent by value, as well as a decline in employment of 50 percent. They assert that granting GSP treatment would encourage watch manufacturers in low-cost countries to move to the LDBC, as watch-producing multinational corporations have in the past moved to or sourced from countries offering lower wages or favorable tariff treatment. The firms also contend that granting GSP benefits would undermine the purpose of the production incentive program set forth by Congress to rehabilitate and stabilize the Virgin Islands watch industry.

The Law & Economics Consulting Group, Inc. (LECG), representing the Virgin Islands government and watch producers, submitted a report entitled "The Economic Effects of Extending Duty-free GSP Benefits to LDBCs (sic) on Watch Imports." The report states that GSP benefits for watches would harm the competitiveness of Virgin Islands watch assemblers relative to any competitors that could operate in the LDBCs. LECG states that material injury would be twofold: the Virgin Islands industry would lose jobs to potential LDBC competitors due to labor cost differentials created by the absence of duties on LDBC watches, and the PIC program, which keeps Virgin Islands labor costs competitive for producers, would be undermined, as it is funded by import duties paid on watches not currently eligible for GSP. LECG also states that granting GSP treatment on watches imported from LDBCs would have negative social consequences in the Virgin Islands, as the watch industry is one of the few sources of non-hospitality work for women.

The American Watch Association (AWA) did not take a position on granting GSP treatment to the LDBCs; however, it opposes Timex's position, stating that since 1988 it has opposed petitions brought by Timex requesting GSP duty-free treatment for watches, because such treatment would have benefited Timex at the expense of the rest of the U.S. watch industry. AWA claims Timex is using this investigation of the U.S. watch industry in its continuing efforts to secure GSP treatment for its watches produced in the Philippines.

Jules Jurgensen Watches, Bala Cynwyd, PA, states that it pays duties on that part of its product that it imports directly, and pays U.S. standard skilled worker wages to assemble the largest percentage of its watches. If GSP treatment were to be granted to the LDBCs, the firm contends it would have difficulty competing with imports from the LDBCs * * *.

La Montre Case Co., Inc., Long Island City, NY, a manufacturer of watch cases and bracelets, states that as one of the last U.S. watch case manufacturers, it has seen many of its competitors cease operations and its own workforce shrink. If the U.S.

industry is not protected, La Montre also may have to * * *.

Duchess Industries Inc., Lodi, NJ, a metal watch band manufacturer, states that increased imports of watches and metal watch bands over the past 25 years have caused the U.S. metal watch band industry to shrink to two firms today. It states that while many watches used to be imported without bands, creating business for U.S. band manufacturers, now almost all imported watches have bands attached, many of which are from lesser developed countries that can produce bands at lower cost.

Questionnaire responses

The Commission also received comments from firms in response to its questionnaires. * * * reported that granting GSP treatment to the LDBCs would be detrimental to their operations. * * * All Virgin Islands firms stated that granting GSP would harm the Virgin Islands watch industry, with several stating that they would seriously consider scaling back or closing their operations.²⁸ Two U.S. producers of watch straps, bands, or bracelets stated that their sales would be harmed, while four responded that they would not be affected.²⁹

Interview comments and hearing testimony

Some U.S. firms contend that, although it may be possible to set up a watch assembly operation in an LDBC for relatively little cost, firms would probably not move operations there to take advantage of GSP treatment.³⁰ Discouraging factors cited were a lack of educated or skilled labor and a lack of infrastructure, including transportation and reliable power and water, and costs and time of shipping components from source countries, usually in Asia, to an LDBC for assembly, and then shipping the assembled watches to the United States.³¹ Officials

²⁸ * * *

²⁹ * * *

³⁰ From interviews with officials of * * * and telephone interviews with * * * official by USITC staff, Nov./Dec. 1996.

³¹ Other factors cited were the cost of moving heavy manufacturing equipment to an LDBC, corruption in the LDBCs, and an unwillingness of trained specialists to set up and run an operation in an LDBC. Timex stated that to the extent the watch industry is moving anywhere, it is moving to China, which is not eligible for GSP. Timex also stated that no watch companies moved to GSP-eligible countries after GSP was granted for certain mechanical and digital watches in 1989 (Mary Braunsdorf, senior counsel, Timex, hearing testimony, p. 50).

of * * * state that, of all the LDBCs, Haiti could be a possible future location due to its proximity to the United States.

[NOTE.—ALL DATA IN TABLES 3-1 THROUGH 3-17 ARE CONFIDENTIAL BUSINESS INFORMATION AND, THEREFORE, HAVE BEEN

DELETED FROM THE PUBLIC VERSION OF THIS REPORT. SEE THE “TABLE OF CONTENTS” FOR THE TITLES OF THESE TABLES.]

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*	*	*	*	*
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CHAPTER 4

Position of Interested Parties

This chapter summarizes the views of interested parties submitted to the Commission in connection with the investigation, either at the hearing or in written statements.¹ The order in which the views are shown is as follows: (1) officials of the Governments of Lesotho and Mozambique, who support the extension of additional GSP benefits to the LDBC; (2) Stephen Lande, President, Manchester Trade, Ltd., who recommends that sub-Saharan Africa be designated a “least developed continent” for GSP purposes; and (3) U.S. industry officials, most of whom oppose the additional GSP benefits for the LDBCs.

Foreign Governments

Lesotho

Dr. Eunice M. Bulane, Ambassador, Embassy of the Kingdom of Lesotho, stated that Lesotho will benefit from any additional GSP benefits for the LDBCs.² Although its industrial base is small, Lesotho has attracted significant foreign direct investment (FDI) in the manufacturing sector. She said that Lesotho’s ability to attract FDI reflects its central position in the southern African market, membership in the South Africa Customs Union and Southern African Development Community, and relatively skilled work force. She also said the Lesotho National Development Corporation has strengthened its capacity to facilitate FDI. Ambassador Bulane indicated that, while more than 40 percent of Lesotho’s exports of manufactured goods have recently gone to the United States, with which it has a bilateral tax treaty, “Lesotho will never rise to threaten U.S. manufacturing interest in any significant way.”

Ambassador Bulane expressed concern over Africa’s ability to compete in the global economy, noting that Africa attracted less than 2 percent of the

nearly \$200 billion of the world’s FDI in 1995. She stated that, with reductions in subsidy and foreign assistance levels, Africa will have a more difficult time in meeting the challenges of the 21st century. She urged the United States to grant the additional GSP benefits to the LDBCs and to identify other mechanisms that can be of similar assistance.

Mozambique

Salvador Namburete, Economic Counselor, Embassy of the Republic of Mozambique, said that granting additional GSP benefits to the LDBCs will provide an opportunity for them to expand their trade flows.³ During the past 10 years, Mozambique has carried out a program aimed at restructuring the economy and creating a conducive environment for private initiatives. Between 1985 and July 31, 1996, national and foreign firms invested more than \$1.6 billion in new projects in response to the economic stimulus and a growing confidence in government policies. Most of the investment was in manufacturing (30 percent), agriculture and agro-based industries (21 percent), construction (14 percent), tourism and hotels (13 percent), and agriculture and fisheries (8 percent). The United States accounted for 4.2 percent of total investment, making it the fifth-largest investor after the United Kingdom (31 percent), Portugal (18.3 percent), South Africa (17.6 percent), and Hong Kong (6.5 percent). Mozambique also achieved positive and relatively stable economic growth and declining inflation in recent years.

He said that Mozambique continues to rely on a small number of primary goods for export earnings, with prawns, cashew nuts, cotton, copra, and timber expanding their share of total exports from 71 percent in the 1970s to 80 percent in the 1990s. Its exports in current dollars fell from an annual average of \$192 million during 1975-85 to \$134 million during 1985-95. In terms of markets, the United States, Japan, Spain, and Portugal accounted for over 70 percent of total exports. In some cases,

¹ The views of interested parties regarding watches are discussed in chapter 3 of this report.

² Written submission to the USITC, Dec. 6, 1996.

³ Information from transcript of the public hearing, beginning on page 22.

exports to these countries consisted of a single product; for example, its exports to Japan consisted almost entirely of prawns and those to the United States consisted mostly of cashew nuts and sugar. Mr. Namburete noted that one of the major priorities of his Government is to create the conditions necessary to increase and diversify exports. He said that efforts are being made to encourage the private sector to expand production for export in products such as horticulture, cut flowers, precious and semi-precious stones, textiles, apparel, handicrafts, and jewelry.⁴

Regional Integration Issues

Stephen Lande, President, Manchester Trade, Ltd., Washington, DC, said that the Administration should designate sub-Saharan Africa a "least developed continent" for GSP purposes, rather than divide up the area into least developed, developing, and developed countries as is now done.⁵ Of the 41 GSP-eligible beneficiary countries in sub-Saharan Africa, 29 are designated as LDBCs for GSP purposes while 12 are ineligible for any additional GSP benefits.⁶

Mr. Lande contends that provisions in the GSP Renewal Act of 1996 are designed to encourage economic integration among developing countries by allowing cumulation of value-added in beneficiary countries for purposes of determining the country of origin among members of an economic integration scheme (see table 4-1 for regional integration schemes). However, differentiating between least developed and developing countries that are members of the same integration groups discourages this integration because cumulation of value-added is not permitted between the LDBCs and non-LDBCs.

⁴ In response to a question at the Commission's public hearing regarding aluminum production in Mozambique, Mr. Namburete on January 22, 1997, sent a fax to the Commission stating that the anticipated production levels of the MOZAL (Maputo aluminum smelter complex) are as follows: Phase 1 (1997-2000, 245,000 tons; and phase 2 (2001 and forward), 490,000 tons. He stated that most of MOZAL's output is for export.

⁵ Information from transcript of public hearing, beginning on p. 8, and prehearing brief, Nov. 19, 1996.

⁶ Sub-Saharan Africa includes 48 countries, 41 of which are GSP beneficiaries. The 29 GSP beneficiaries designated as LDBCs are shown in chapter 1, table 1-1, of this report. The 12 GSP beneficiaries that are not LDBCs are Cameroon, Congo, Cote d'Ivoire, Ghana, Kenya, Mauritius, Namibia, Senegal, Seychelles, Swaziland, South Africa, and Zimbabwe. The other 7 nations in sub-Saharan Africa are currently not eligible for GSP benefits; they include Liberia, Mauritania, and Sudan, which lost their GSP status for failure to take sufficient steps to provide internationally recognized worker rights; Gabon and Nigeria, because they are OPEC members; and Botswana and Eritrea.

He asserts that the GSP Renewal Act of 1996 authorizes the President to designate sub-Saharan Africa a least developed continent for GSP purposes in order to enable cumulation of value-added among or between all countries of the subcontinent. He states that such a designation could help increase U.S. imports from sub-Saharan Africa.

Products

*Crude Petroleum (HTS subheadings 2709.00.10 and 2709.00.20)*⁷

- Chevron Corp., a multinational U.S. energy exploration and production company with operations in Angola and Zaire, expressed support for GSP treatment for crude petroleum from the LDBCs, especially Angola and Zaire.⁸ Chevron stated that such treatment would benefit the economies of these countries and, in turn, further U.S. policy of assisting the LDBC economies. Chevron stated that GSP treatment would stimulate U.S. investment in the energy industries of Angola and Zaire. Chevron asserted that GSP treatment would have no measurable effect on U.S. crude producers or consumers.

Unwrought cobalt alloys (HTS subheading 8105.10.30)

- The African Metals Corp., the U.S. sales agent for the mining and refining company of the Government of Zaire, stated that it supports GSP treatment for these alloys from Zaire.⁹ The firm stated that GSP

⁷ The 1996 col. 1-general rates of duty for crude petroleum are 5.25 cents per barrel (ad valorem equivalent (AVE) of 0.3 percent) for subheading 2709.00.10 and 10.5 cents per barrel (AVE of 0.6 percent) for subheading 2709.00.20. See appendix E for a description of the products classifiable under these subheadings.

⁸ R. Bruce Marsh, General Tax Counsel, Chevron Corp., San Francisco, CA, written statement to the USITC, Dec. 6, 1996.

⁹ Douglas Geniti, Senior Sales Executive, African Metals Corp., New York, written submission to the USITC, Nov. 19, 1996. See, also, transcript of the public hearing beginning at p. 66. The African Metals Corp. is owned 50 percent by Gemamines, the mining and refining company of the Government of Zaire, and 50 percent by Sogem-Afrimet Inc., a New York firm owned by Union Miniere of Belgium.

Table 4-1
Selected regional integration arrangements among sub-Saharan African countries

Associations	Regional integration group	LDBC s	Non-LDBC s	Comment
COMESA (20 members)	Common Market for Eastern and Southern Africa	Angola, Burundi, Comoros, Ethiopia, Lesotho, Madagascar, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zaire, Zambia	Eritrea, Kenya, Mauritius, Namibia, Sudan, Swaziland, Zimbabwe	Many countries changing domestic and trade policy. Formed in 1993; predecessor was the Preferential Trade Area.
SADC (12 members)	Southern African Development Community	Angola, Lesotho, Malawi, Mozambique, Tanzania, Zambia	Botswana, Mauritius, Namibia, South Africa, Swaziland, Zimbabwe	Formed in 1992, group developing a free trade protocol.
PTC/EAC (3 members)	Permanent Tripartite Commission for the East African Cooperation	Tanzania, Uganda	Kenya	Functioning to some degree as a subset of COMESA.
SACU (5 members)	Southern African Customs Union	Lesotho	Botswana, Namibia, South Africa, Swaziland	Customs Union
ECOWAS (16 members)	Economic Community of West Africa	Benin, Burkina Faso, Cape Verde, Gambia, Guinea, Guinea-Bissau, Mali, Niger, Sierra Leone, Togo	Côte d'Ivoire, Ghana, Liberia, Mauritania, Nigeria, Senegal	Formed in 1975; some trade barriers have been eliminated and some tariffs reduced.
UEMOA (WAEMU) (7 members)	West Africa Economic and Monetary Union	Benin, Burkina Faso, Mali, Niger, Togo	Côte d'Ivoire, Senegal	Subset of ECOWAS; includes former French colonies with trade and development pacts with France.
CEMAC (6 members)	Central African Customs and Economic Union	Central African Republic, Chad, Equatorial Guinea	Cameroon, Congo, Gabon	Similar organization to WAEMU.

Source: Prepared by USITC staff based on testimony submitted by Mr. Lande and other sources.

benefits should not create a competitive disadvantage for U.S. industry because Zaire does not produce cobalt-containing metal products that compete with U.S. industry articles. It said that Zairian cobalt is often below 99 percent purity and sells at a discount to the "published market price." It noted that many U.S. consumers are able to process this type of material, but do not do so because of the U.S. duty rate (col. 1-general rate of 5.1 percent ad valorem in 1996). The firm stated that the discounted material is sold in countries such as those in the European Union, which provides duty-free entry for these alloys, and manufacturers in these countries benefit from a price advantage over the U.S. competitors.

- Other firms stated that giving GSP benefits to the LDBC's for the alloys would broaden

the availability of sources but would not pose a competitive threat to any U.S. company because no cobalt of any grade is currently produced in the United States.¹⁰

They said that these alloys are used as raw material interchangeably with higher grades of cobalt metal that enter free of duty. While these lower grade materials would normally be less expensive, the U.S. duty prevents their use.

¹⁰ Attached to the written submission from the African Metals Corp. were letters from Wayne Yeoman, Purchasing Manager, The Shepherd Chemical Co., Cincinnati, OH; Edward R. Kielty, Vice President Operations, The Hall Chemical Co., Wickliffe, OH; and Mark Caffarey, Plant Manager and Executive Vice President, Union Minière, Inc., Carolmet Cobalt Products, Maxton, NC.

Unwrought manganese (HTS subheading 8111.00.45)

- The Ferroalloys Association (TFA), representing Kerr-McGee Corp., stated that it opposes granting GSP treatment to the LDBC's for unwrought manganese, also known as manganese metal.¹¹ TFA asserted that this metal is important in the manufacture of certain aluminum alloys, superalloys, steels, and other materials used in weapons systems. It noted that the metal is imported from Germany, Russia, the Ukraine, China, and South Africa, but not from any of the LDBC's.¹² TFA said that elimination of the U.S. duty (col. 1-general rate of 14 percent ad valorem in 1996) under GSP would severely threaten the three major U.S. domestic producers of this product.

Specialty steel¹³

- The Specialty Steel Industry of North America (SSINA) and the Specialty Tubing Group (STG), which noted that their members account for an estimated 90 percent of North American production of specialty steel products, stated that they oppose giving GSP treatment to specialty steel from the LDBC's.¹⁴ They contend that, although none of the LDBC's are significant producers of specialty steel, the LDBC's may emerge as competitors in the future, possibly as a result of the establishment of facilities in the LDBC's by producers in Japan and Europe to take advantage of the GSP treatment. They cite India and Taiwan as

¹¹ Mark B. Benedict, Trade Counsel, TFA, written submission to the USITC, Feb. 3, 1997.

¹² There are little or no imports of unwrought manganese from countries eligible to enter such products free of duty under the United States-Israel Free Trade Area Implementation Act, Caribbean Basin Economic Recovery Act, Andean Trade Preference Act, and the North American Free Trade Agreement.

¹³ HTS subheadings 7218.10.00 - 7223.00.90, 7224.10.00 - 7229.90.90, 7304.10.10 - 7304.90.30, and 7306.10.10 - 7306.60.10. Based on 1996 U.S. rates of duty, the average trade-weighted duty for all dutiable imports under these subheadings is 5.4 percent ad valorem.

¹⁴ David A. Hartquist, et al., Collier, Shannon, Rill & Scott, PLLC, Washington, DC, on behalf of SSINA and STG, written submission to the USITC, Dec. 6, 1996. SSINA and STG represent firms producing stainless steel flat (sheet, strip, and plate) and long (bar, angle, wire, and rod) products, stainless semifinished and pipe and tube products, and other specialty steel products (alloy tool steel and silicon electrical steel).

two examples of countries with startup operations that quickly impacted the global market. They claim that more new players would only exacerbate two long-standing problems that the industry faces: unfair trade practices by foreign producers and global overcapacity, and only worsen the existing U.S. trade imbalance in specialty steel products. In 1995, they said, the United States imported four times the amount of specialty steel it exported.

- The two industry groups also state that the large number of successful antidumping claims in recent years demonstrates the import-sensitivity of specialty steel. They claim that, even for those products not addressed in antidumping petitions, imports have increased between 44 and 84 percent since 1992. They expressed concern that the high degree of import sensitivity would only intensify if LDBC's were to receive GSP treatment for specialty steel products.

Steel wire rope (HTS subheadings 7312.10.30, 7312.10.50, 7312.10.60, 7312.10.70, and 7312.10.90)¹⁵

- The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers, which noted that its members account for most of U.S. production of steel wire rope and specialty cable, stated that it opposes GSP benefits for such products from the LDBC's.¹⁶ It noted that none of the LDBC's currently has the capacity to produce the products. However, it stated that steel wire rope is an import-sensitive steel article under section 503(c) of the Trade Act of 1974, and granting GSP benefits would be unwarranted and incompatible with congressional intent. The Committee indicated that, although the steel articles covered by this provision are not specifically identified, the House Report to the GSP Renewal Act of 1984 "urges the USTR to interpret [section 503(c)] to include articles of the kinds subject to the ITC import relief investigation numbered TA-201-51." The Committee noted that

¹⁵ The 1996 col. 1-general rates of duty are 3.9 percent ad valorem for subheading 7312.10.30, 4.6 percent for subheadings 7312.10.50 and 7312.10.70, 3.5 percent for 7312.10.60, and 3.2 percent for subheading 7312.10.90.

¹⁶ Herbert E. Harris II, et al., Harris & Ellsworth, Washington, DC, on behalf of the Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers, written submission to the USITC, Dec. 6, 1996.

steel wire rope was among the articles subject to the section 201 investigation, in which the Commission made an affirmative injury determination in 1984 and recommended import restrictions.¹⁷

- The Committee stated that steel wire rope was designated as a GSP article with the implementation of the GSP program in 1976, but was removed from the list of eligible articles in 1981 for Korea and in 1990 for all other beneficiary countries. It stated that steel wire rope remains an import-sensitive article, primarily because the domestic and imported articles are interchangeable, with purchasing decisions often made solely on the basis of price. It claimed that, “since the vast majority of imported wire rope is sold in the U.S. market at prices well below that of domestically-manufactured wire rope, U.S. producers face a constant and insidious threat of significant market share loss to foreign suppliers.” The Committee noted that the Commission, in its most recent investigations of the effects of unfairly trade imports on the U.S. wire rope industry, made affirmative determinations of injury.¹⁸

Ceramic tile (HTS subheadings 6907.10.00, 6907.90.00, 6908.10.10, 6908.10.50, and 6908.90.00)¹⁹

- The Tile Council of America, Inc. (TCA), which noted that its members account for well over 50 percent of U.S. ceramic tile production, stated that it opposes GSP benefits for these articles from the LDBC.²⁰ TCA contends that, although imports of these articles from the LDBCs are small, GSP treatment “could threaten an already extremely import impacted U.S. industry” in which imports account for more than 60 percent of the U.S. ceramic

tile market. Since 1991, TCA said, import volume has risen by 75 percent, whereas domestic shipments have fallen by less than 19 percent.

- TCA noted that the U.S. Government has repeatedly denied petitions requesting GSP benefits for imported ceramic floor and wall tiles that compete directly with domestic products. However, TCA said that in 1980, the U.S. industry did not oppose granting GSP benefits to “specialty mosaic” tile, which accounted for only 1 percent of total mosaic tile imports in 1979. TCA said that all parties concerned “clearly understood” that the intent of GSP eligibility was limited to only small hobby craft or “tesserae” tiles not then produced in the United States. However, with the adoption of the HTS classification system in 1989, TCA asserted that there were “immediate and massive abuses” of this GSP provision. TCA noted that in 1994, the GSP Subcommittee was still rectifying these abuses by denying GSP redesignation for Thailand on specialty mosaic tile.

Commercial chinaware (HTS subheadings 6911.10.10 and 6912.00.20)

- The American Restaurant China Council (ARCC), which noted that its members account for about 90 percent of U.S. commercial chinaware production, stated that it opposes GSP benefits for these articles from the LDBC.²¹ The ARCC states that the U.S. industry is import-sensitive and that the U.S. Government has recognized this by maintaining high tariffs for these items (col. 1-general rates of 33 and 33.6 percent ad valorem in 1996) and refusing to grant or even consider GSP status for these products in the past. The factors making commercial chinaware import-sensitive, the ARCC said, are high U.S. labor costs (more than 50 percent of total production costs), production facilities serving as significant regional employers in depressed economic areas, and demonstrated injury from import competition. According to the ARCC, past tariff reductions for these articles resulted in an import increase from 585,530 dozen pieces in 1979 to nearly 5 million dozen pieces in 1995.

¹⁷ USITC, *Carbon and Certain Alloy Steel Products* (investigation No. TA-201-51), USITC publication 1553, July 1984.

¹⁸ USITC, *Steel Wire Rope from the Republic of Korea and Mexico* (investigation Nos. 731-TA-546 and 547 (Final)), USITC publication 2613, Mar. 1993.

¹⁹ Based on 1996 U.S. rates of duty, the average trade-weighted duty for all dutiable imports under the specified HTS subheadings is 17 percent ad valorem.

²⁰ Thomas J. Trendl, Howrey & Simon, Washington, DC, on behalf of TCA, Anderson, SC, written submission to the USITC, Dec. 6, 1996.

²¹ Mark A. Moran, Steptoe & Johnson LLP, Washington, DC, on behalf of the ARCC, McLean, VA, written submission to the USITC, Dec. 4, 1996.

The ARCC said that imports' share of the domestic market for commercial chinaware rose from 43.6 percent in 1991 to 48.2 percent in 1995.

- The ARCC stated that giving GSP treatment to the LDBC's for these articles could provide substantial financial incentive for investments in new production capacity in the LDBC's. It noted that, although there currently are no commercial chinaware facilities in the LDBC's, Japanese and European producers are already investing in such facilities in comparatively low-wage nations such as Bangladesh²² and that GSP treatment would accelerate this trend by providing them duty-free access to the U.S. market. The ARCC asserted that GSP benefits would threaten U.S. production and also U.S. workers, who often lack alternative job opportunities. Moreover, the ARCC claimed that the elimination of tariffs under the GSP is unlikely to benefit the final consumer.

Glassware (HTS heading 7013)²³

- Libbey Inc.,²⁴ a U.S. producer of glassware, opposes GSP treatment for these products from the LDBC's. Libbey stated that the import sensitivity of the U.S. industry has increased since enactment of the GSP, with import volume and the import share of U.S. consumption expanding, and U.S. producers' shipments and employment declining. It noted that at least four LDBC's have the ability to produce and export glassware products; granting GSP treatment would likely encourage investment in the sector, with a subsequent increase in exports to the United States. Libbey noted that Congress originally excluded import-sensitive semimanufactured and manufactured glass products when enacting the GSP and, with minor exceptions, petitions requesting GSP eligibility for such articles have been rejected.
- The Anchor Hocking Division of Newell Co., a U.S. designer, manufacturer, and distributor of glassware, expressed its support

²² The ARCC states that, although the production facilities in Bangladesh currently produce ceramicware other than commercial chinaware, with very little retooling the same equipment and labor could be used to manufacture commercial chinaware.

²³ Based on 1996 U.S. rates of duty, the average trade-weighted duty for all dutiable imports of glassware under consideration in this investigation is 17.5 percent ad valorem.

²⁴ Terence P. Stewart and Charles A. St. Charles, Stewart and Stewart, Washington, DC, on behalf of Libbey Inc., written submission to the USITC, Dec. 6, 1996.

for the statement of Libbey Inc.²⁵ Anchor Hocking states that granting GSP benefits to the LDBC's likely will spur investment in those LDBC's with the capacity to produce glassware for export and, in turn, lead to an increase in U.S. imports of such articles from these and other LDBC's. Anchor Hocking contends that such increased imports likely will displace sales of its glassware, thereby leading to an increase in the firm's overall unit costs, because its fixed costs would be allocated over fewer items, and to a decrease in its competitiveness with respect to all glass articles.

Flatware articles²⁶

- Oneida Ltd., a U.S. producer of stainless steel flatware, stated that it opposes granting GSP treatment to these articles from the LDBC's.²⁷ Because of their import sensitivity, Oneida said, these articles have not been accorded GSP treatment so as not to encourage higher levels of imports, which would adversely affect the competitive position of U.S. workers and producers of these goods. Oneida indicated that, to its knowledge, none of the LDBC's currently produce and export stainless steel flatware articles to the United States. However, it stated that U.S. producers of stainless tableware have been subjected to intense import competition for decades and have lost market share to imports. It stated that, of the 15 U.S. producers of stainless flatware in 1977, only 2 remain. The firm said that increased imports of stainless flatware, regardless of origin, would result in reduced U.S. production of these articles and the inevitable loss of good, well-paying production jobs.

²⁵ Michael A. Nemeroff, Sidley & Austin, Washington, DC, on behalf of the Anchor Hocking Division of Newell Co., written submission to the USITC, Dec. 6, 1996.

²⁶ HTS subheadings 8211.10.00, 8211.91.20, 8211.91.25, 8211.91.30, 8211.91.40, 8215.10.00, 8215.20.00, 8215.99.01, 8215.99.05, 8215.99.10, 8215.99.15, 8215.99.26, 8215.99.30, and 8215.99.35. Based on 1996 U.S. rates of duty, the average trade-weighted duty for all dutiable imports under these provisions is 9.4 percent ad valorem.

²⁷ William D. Matthews, Chairman of the Board, Oneida Ltd., Oneida, NY, written submission to the USITC, Jan. 21, 1997.

Dehydrated onion and garlic products (HTS subheadings 0712.20.20, 0712.20.40, and 0712.90.40)²⁸

- The American Dehydrated Onion and Garlic Association (ADOGA), which represents the leading U.S. processors and marketers of these products, stated that it opposes GSP treatment for these products from the LDBC.²⁹ It contends that the cost of major inputs for dehydrating onions and garlic (namely land, fertilizer, water, and energy) is much lower in the LDBC than for U.S. producers and that removal of U.S. tariffs would result in an erosion of the economic viability of the U.S. industry. ADOGA reports that vegetable dehydration equipment and technology are readily available on a worldwide basis and the cost of setting up a dehydration operation is modest. It stated that price has become the deciding factor in most product sales and that GSP duty-free treatment would result in many users switching to lower cost supplies from the LDBC.

Canned peaches (HTS subheading 2008.70.00)

Canned fruit cocktail (HTS subheading 2008.92.90)

Frozen peaches (HTS subheading 0811.90.80)

- The California Cling Peach Growers Advisory Board stated that it opposes GSP benefits for these products³⁰ from the LDBC.³¹ It contends that (1) the U.S.

²⁸ The 1996 col. 1-general rates of duty for these articles are 33.3 percent ad valorem for subheadings 0712.20.20 and 0712.90.40 and 23.8 percent for subheading 0712.20.40.

²⁹ Irene Ringwood, Ball Janik LLP, Washington, DC, and J. Dennis McQuaid, McQuaid, Metzler, McCormick & Van Zandt, San Francisco, CA, on behalf of ADOGA, San Francisco, written submission to the USITC, Dec. 6, 1996.

³⁰ The 1996 col. 1-general rates of duty for these articles are 19 percent ad valorem for subheading 2008.70.00, 16.6 percent for subheading 2008.92.90, and 16.2 percent for subheading 0811.90.80.

³¹ Carolyn B. Gleason, McDermott, Will & Emery, Washington, DC, on behalf of the California Cling Peach Growers Advisory Board, written submission to the USITC, Dec. 20, 1996.

cling peach industry is import-sensitive and is in a state of economic stress; (2) the industry faces unfair global production and trade practices, including subsidization in Greece, Chile, South Africa, and elsewhere; (3) these practices have eroded both the export and domestic market shares held by the U.S. industry and have contributed to a long-term decline in domestic production; and (4) the U.S. industry relies on the domestic market for 90 percent of its sales. The Board contends that granting the GSP treatment could encourage non-LDBC competitors, particularly Chile and South Africa, to shift or expand production to the LDBC and could prompt LDBC with appropriate growing conditions to begin or shift production to peaches. The Board also states that granting GSP benefits would send an inappropriate message to U.S. competitors.

Fresh cut roses (HTS subheading 0603.10.60)

- The Floral Trade Council (FTC), a trade association of U.S. producers and wholesalers of fresh cut flowers, stated that it opposes giving GSP treatment to the LDBC for fresh cut roses (col. 1-general rate of duty of 7.6 percent ad valorem in 1996). The FTC noted that the U.S. rose-growing industry is import sensitive and currently faces import competition from countries already receiving duty-free treatment.³² It indicated that GSP benefits for the LDBC would encourage the LDBC to produce roses for export to the U.S. market. The FTC said that, because fresh cut roses are often sold on consignment in the U.S. market, additional supply in the auction-like market has the effect of depressing prices. It stated that granting GSP benefits may result in a shift in rose production from countries not eligible for duty-free treatment to the LDBC, further increasing the supply of roses to the U.S. market. The FTC said that today's consumers have an abundance of fresh cut roses available to them at a wide variety of prices.
- The FTC also stated that any duty reductions should be initiated in the context of multilateral trade negotiations where the domestic industry could also benefit. It

³² In 1995, 90 percent of U.S. imports of fresh cut roses came from countries eligible for duty-free treatment under such programs as the Andean Trade Preference Act (85 percent of the total—mainly Colombia and Ecuador) and the Caribbean Basin Economic Recovery Act (5 percent). Another 8 percent of the imports came from Mexico, which, under the North American Free Trade Agreement, will be eligible for duty-free treatment for fresh cut roses in 1998.

said that unilateral duty elimination for an import-sensitive product when the domestic industry is losing growers due, in part, to similar initiatives, cannot benefit domestic growers, the consumer, or the nation.

Bicycles and certain bicycle parts³³

- The Bicycle Manufacturers Association of America, Inc. (BMA) opposes GSP treatment for these products from the LDBC, stating that it “would have a substantial adverse impact upon the U.S. bicycle industry and its workers.”³⁴ BMA claims U.S. consumers could be harmed because a “significant risk” exists that LDBC bicycles would not meet U.S. safety standards. Although BMA has supported legislation giving temporary duty-free entry to bicycle components not made in commercial quantities in the United States, a provision made permanent in the Uruguay Round, it believes that a strong base of U.S. suppliers of bicycle components benefits the U.S. bicycle industry and, thus, opposes the reduction of duties on parts still made domestically.
- BMA contends that, although imports of these products from the LDBC are negligible, GSP treatment would pose a “risk” of “causing significant harm to U.S. bicycle manufacturers, particularly in light of continued price depression in the U.S. market for bicycles and bicycle parts.” BMA claims the price depression partly reflects a steady decline in U.S. consumption of bicycles from its peak in 1993, and it expects a further drop in demand in 1997. BMA asserts that price competition is particularly intense in the mass merchandise market, which accounts for 90 percent of the U.S. market supplied by its members. BMA states that its member bicycle manufacturers have significant excess capacity. BMA states that the 1996 USITC dumping investigation on bicycles from China revealed that such U.S. producers incurred a net operating loss of 1.7 percent in 1995. The depressed conditions have

intensified price competition and hurt suppliers of components. BMA also contends that past reductions in tariffs “led to direct immediate increase(s) in imports.”

Fishing equipment (HTS heading 9507)³⁵

- Western Consulting, an importer of artificial fishing flies under subheading 9507.90.70, supports GSP treatment for these articles from the LDBC, stating that the industry producing these items requires the type of low-cost manual labor that is best suited for the LDBC.³⁶ The imported flies currently sell at retail for \$1 to \$1.25 each and domestic flies sell at \$1.75 to \$2.25. According to Western, elimination of the 9-percent tariff under the GSP, or an average of less than 3.5 cents per fly, would have little or no impact on U.S. producers or consumers of such products. Western contends that the U.S.-produced item generally relies on premium materials and labor in relatively small volumes by a cottage industry. The production of imported artificial flies is very labor intensive; all flies are hand-tied using no equipment other than hand tools and various materials. Entry into this industry is perhaps less than \$500 per employee.
- Fair Waters Co., Inc., a producer of saltwater fishing tackle (employing 6 to 10 full-time and 4 part-time workers), opposes GSP treatment for fishing tackle, claiming that U.S. tackle producers will likely shift sourcing requirements to offshore locations rather than small producers in the LDBC exporting product to the United States.³⁷
- Lamiglas, Inc., a producer of fishing rods and fishing rod blanks, opposes GSP treatment, claiming that its labor costs are at least 10 times those of the LDBC and that its state labor and industry taxes are more per hour than hourly wages in the LDBC.³⁸
- Wisconsin Manufacturers & Commerce, a business association whose members include producers of fishing gear, stated that it opposes GSP treatment for such articles

³³ HTS subheadings 8712.00.15-8712.00.48, 8714.91.30-8714.92.10, 8714.93.28, 8714.93.35, 8714.94.90-8714.96.10, 8714.96.90, 8714.99.10, and 8714.99.80. Based on 1996 U.S. rates of duty, the average trade-weighted duty for all dutiable imports under these subheadings is 10.1 percent ad valorem.

³⁴ Michael R. Kershow, Collier, Shannon, Rill & Scott PLLC, Washington, DC, on behalf of BMA, Washington, DC, written submission to the USITC, Dec. 6, 1996.

³⁵ Based on 1996 U.S. rates of duty, the average trade-weighted duty for all dutiable imports of fishing equipment under consideration in this investigation is 7.1 percent ad valorem.

³⁶ Greg Trough, Western Consulting, Lakewood, CO, written submission to the USITC, Nov. 25, 1996.

³⁷ John Reuss, Owner, Fair Waters Co., Inc., Fairhope, AL, written submission to the USITC, Nov. 18, 1996.

³⁸ Richard L. Posey, President, Lamiglas, Inc., Woodland, WA, written submission to the USITC, Nov. 25, 1996.

from the LDBC's because it could negatively impact Wisconsin's fishing gear industry.³⁹ It stated that fishing tackle producers in the State are struggling to compete with foreign firms having vastly lower labor costs.

- St. Croix of Park Falls, Ltd., opposes GSP treatment for fishing tackle, stating that U.S. producers of such goods have had difficulty competing against firms in countries with substantially lower labor costs.⁴⁰ As a result, the firm states that only 10 percent of the fishing rods currently sold in the United States are made domestically. The firm claims to have recently lost 20 percent of its business and had to lay off 22 employees when its largest customer (Zebco) discontinued purchasing selected rod models from St. Croix and began purchasing the models from China and the Philippines at substantially lower prices, despite the fact that St. Croix had not raised its prices to Zebco since it began doing business with them 12 years ago. According to St. Croix, although its quality

³⁹ James S. Haney, President, Wisconsin Manufacturers & Commerce, Madison, WI, written submission to the USITC, Nov. 25, 1996.

⁴⁰ Paul Schluter, President, St. Croix, Park Falls, WI, written submission to the USITC, Nov. 21, 1996.

and delivery rating with Zebco is excellent, Zebco's decision to import was based on the need to remain price competitive with rods made in countries with lower labor costs than those in the United States.

- Acme Tackle Co., a producer almost exclusively of artificial fishing baits of metal, stated that it opposes GSP treatment for fishing tackle.⁴¹ The firm stated that GSP treatment will unduly favor low-cost foreign producers and force it to shift some assembly and packaging operations to Mexico and the Caribbean, which will result in the loss of jobs in the United States.
- An importer of fish hooks from Wetumpka, AL, selling such articles under brand-names such as "Tru Turn," "Xpoint," and "Daiichi" requested that fish hooks dutiable at 5 percent ad valorem under *HTS* sub-heading 9507.20.00 be added to the list of articles under GSP consideration for the LDBC's.⁴² The firm claims that the one U.S. producer of fish hooks is about 6 to 9 months behind in production and has been that way for decades.

⁴¹ Arthur A. Lavalley, President, Acme Tackle Co., Providence, RI, written submission to the USITC, Nov. 6, 1996.

⁴² Wes Campbell, written submission to the USITC, Nov. 6, 1996.

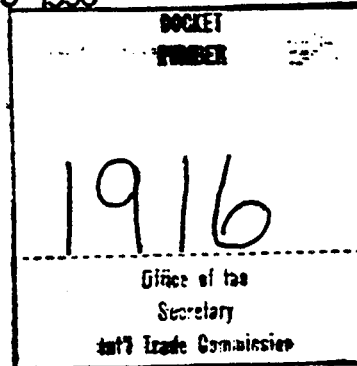
APPENDIX A
Letter From USTR

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

SEP 16 1996

The Honorable Marcia E. Miller
Chairman
United States International Trade
Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Miller:



The Trade Policy Staff Committee (TPSC) pursuant to legislation reauthorizing the Generalized System of Preferences (GSP) has determined to institute an investigation and request the advice of the International Trade Commission on the designation of certain articles as eligible articles under the GSP only for countries designated as least-developed beneficiary developing countries for purposes of the GSP program. In this connection, I am making the request listed below.

In accordance with sections 503(a)(1)(B), 503(e) and 131(a) of the Trade Act of 1974, as amended ("the 1974 Act"), and pursuant to the authority of the President delegated to the United States Trade Representative (USTR) by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the Commission that the articles identified in Parts A and B of the enclosed annex are being considered for designation as eligible articles for purposes of the United States GSP, as set forth in Title V of the 1974 Act, only for countries designated as least-developed beneficiary developing countries for purposes of the GSP. For this purposes of this investigation, the countries listed in Part C of the enclosed annex should be considered as the countries designated as least-developed beneficiary developing countries for purposes of the GSP.

In accordance with sections 503(a)(1)(B), 503(e) and 131(a) of the 1974 Act, and under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide its advice, with respect to the articles identified in Part A of the enclosed annex, as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties under the GSP and, to the extent possible, the level of U.S. import-sensitivity of such articles in the context of imports from the least-developed beneficiary developing countries.

In accordance with sections 503(a)(1)(B), 503(b)(1)(B), 503(e) and 131(a) of the 1974 Act, and under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide its advice, with respect to the watches identified in Part B of the enclosed annex, as to the probable economic effect on watch or watch band.

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elimination of United States import duties under the GSP and, to the extent possible, the level of U.S. import-sensitivity of such watches in the context of imports from the least-developed beneficiary developing countries.

In order to form a basis for the material injury determination required by section 503(b)(1)(B) of the 1974 Act, I request that the Commission provide, to the degree possible, data on the following factors for the most recent three year period for the watch and watch band, strap and bracelet manufacturing and assembly operations in the United States or United States insular possessions: annual production, capacity, capacity utilization, domestic shipments, exports, inventories, employment, wages and financial experience (including prices). In addition, I request that data be provided for the most recent three year period, to the extent possible, on the following factors for current and potential least-developing beneficiary developing country producers: current and potential production capacity and capacity utilization, domestic shipment, and exports to U.S. and other markets.

In providing its advice on the articles in Parts A and B of the enclosed annex, I request the Commission to assume that the benefits of the GSP would continue to apply to imports that would be normally excluded from receiving such benefits by virtue of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act (an exemption from the application of the competitive need limits for the least-developed beneficiary developing countries is provided for in section 503(c)(2)(D) of the 1974 Act).

Under the provisions of the 1974 Act, the Commission has six months to provide the advice requested herein in accordance with sections 503(a)(1)(B), 503(e) and 131(a) of the 1974 Act on Parts A and B of the enclosed annex. It would be greatly appreciated if the requested advice could be provided by March 3, 1997. To the maximum extent possible, it would be greatly appreciated if the probable economic advice and statistics (profile of the United States industry and market and United States import and export data) and any other relevant information or advice be provided.

I direct you to mark as "Confidential" those portions of the Commission's report and related working papers that contain the Commission's advice on the probable economic effect on United States industries producing like or directly competitive articles and on consumers. All other parts of the report are unclassified, but the overall classification marked on the front and back covers of the report should be "Confidential" to conform with the confidential sections contained therein. All business confidential information contained in the report should be clearly identified.

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When the Commission's confidential report is provided to my Office, the Commission should issue, as soon as possible thereafter, a public version of the report containing only the unclassified sections, with any business confidential information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,



Charlene Barshefsky
Acting U.S. Trade Representative

Annex (con.)

-1-

Part A (con.):

Annex

Part A:

0101.20.20	0207.24.00	0403.90.41	0406.20.73	0406.90.59
0101.20.40	0207.25.20	0403.90.47	0406.20.77	0406.90.61
0102.90.40	0207.25.40	0403.90.51	0406.20.81	0406.90.63
0104.20.00	0207.26.00	0403.90.57	0406.20.85	0406.90.66
0105.11.00	0207.27.00	0403.90.61	0406.20.89	0406.90.72
0105.12.00	0207.32.00	0403.90.72	0406.20.95	0406.90.76
0105.19.00	0207.34.00	0403.90.74	0406.30.12	0406.90.82
0105.92.00	0207.35.00	0403.90.85	0406.30.14	0406.90.86
0105.93.00	0207.36.00	0403.90.87	0406.30.22	0406.90.90
0105.99.00	0208.10.00	0403.90.90	0406.30.24	0406.90.93
0106.00.30	0208.90.40	0404.10.08	0406.30.32	0406.90.95
0201.10.05	0210.11.00	0404.10.11	0406.30.34	0406.90.99
0201.10.10	0210.19.00	0404.10.20	0406.30.42	0408.11.00
0201.20.02	0304.10.10	0404.10.48	0406.30.44	0408.19.00
0201.20.04	0304.20.30	0404.10.50	0406.30.49	0408.91.00
0201.20.06	0305.30.20	0404.90.28	0406.30.51	0408.99.00
0201.20.10	0305.30.40	0404.90.30	0406.30.55	0409.00.00
0201.20.30	0305.41.00	0404.90.70	0406.30.56	0509.00.00
0201.20.50	0305.49.20	0405.10.05	0406.30.57	0601.10.30
0201.30.02	0305.61.20	0405.10.10	0406.30.61	0601.10.85
0201.30.04	0305.69.20	0405.20.10	0406.30.65	0601.20.10
0201.30.06	0305.69.40	0405.20.20	0406.30.69	0602.90.50
0201.30.10	0401.10.00	0405.20.40	0406.30.73	0603.10.60
0201.30.30	0401.20.20	0405.20.50	0406.30.77	0701.10.00
0201.30.50	0401.30.02	0405.20.60	0406.30.81	0701.90.50
0202.10.05	0401.30.05	0405.90.05	0406.30.85	0702.00.20
0202.10.10	0401.30.42	0405.90.10	0406.30.89	0702.00.40
0202.20.02	0401.30.50	0406.10.12	0406.30.95	0703.10.40
0202.20.04	0402.10.05	0406.10.14	0406.40.20	0703.90.00
0202.20.06	0402.10.10	0406.10.24	0406.40.40	0704.90.40
0202.20.10	0402.21.02	0406.10.34	0406.40.51	0706.10.05
0202.20.30	0402.21.05	0406.10.44	0406.40.52	0706.10.20
0202.20.50	0402.21.27	0406.10.54	0406.40.54	0706.90.40
0202.30.04	0402.21.30	0406.10.64	0406.40.58	0707.00.50
0202.30.06	0402.21.73	0406.10.74	0406.90.05	0708.20.90
0202.30.30	0402.21.75	0406.10.84	0406.90.06	0708.90.40
0202.30.50	0402.29.05	0406.10.95	0406.90.08	0709.20.90
0203.12.10	0402.29.10	0406.20.10	0406.90.14	0709.40.20
0203.19.20	0402.91.03	0406.20.22	0406.90.16	0709.40.60
0204.10.00	0402.91.06	0406.20.24	0406.90.20	0709.51.00
0204.21.00	0402.91.10	0406.20.29	0406.90.25	0709.70.00
0204.22.20	0402.91.30	0406.20.31	0406.90.28	0709.90.30
0204.22.40	0402.99.03	0406.20.34	0406.90.31	0709.90.35
0204.23.20	0402.99.06	0406.20.36	0406.90.33	0709.90.45
0204.23.40	0402.99.10	0406.20.43	0406.90.34	0709.90.90
0204.30.00	0402.99.30	0406.20.44	0406.90.36	0710.10.00
0204.41.00	0402.99.68	0406.20.49	0406.90.38	0710.22.37
0204.42.20	0402.99.70	0406.20.51	0406.90.39	0710.22.40
0204.42.40	0403.10.05	0406.20.54	0406.90.41	0710.29.40
0204.43.20	0403.10.10	0406.20.55	0406.90.43	0710.30.00
0204.43.40	0403.10.90	0406.20.56	0406.90.44	0710.40.00
0207.11.00	0403.90.02	0406.20.57	0406.90.46	0710.80.20
0207.12.00	0403.90.04	0406.20.61	0406.90.49	0710.80.40
0207.13.00	0403.90.20	0406.20.65	0406.90.51	0710.80.45
0207.14.00	0403.90.37	0406.20.69	0406.90.52	0710.80.60

Annex (con.)

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Part A (con.):

0710.80.85	0813.20.10	1504.10.40	1704.90.52	2007.99.60
0710.80.97	0813.20.20	1507.10.00	1704.90.54	2007.99.65
0710.90.90	0813.40.15	1507.90.40	1704.90.74	2007.99.70
0711.20.38	0813.40.30	1508.10.00	1704.90.90	2008.11.02
0711.20.40	0813.40.40	1508.90.00	1806.20.79	2008.11.05
0711.90.40	0813.40.90	1512.11.00	1806.20.81	2008.11.22
0712.20.20	0813.50.00	1512.19.00	1806.20.85	2008.11.25
0712.20.40	0814.00.80	1512.21.00	1806.20.95	2008.11.42
0712.30.20	0901.90.20	1512.29.00	1806.20.99	2008.11.45
0712.90.20	0904.20.40	1514.10.90	1901.10.05	2008.19.20
0712.90.40	0910.40.40	1514.90.50	1901.10.15	2008.19.40
0712.90.75	1001.10.00	1514.90.90	1901.10.35	2008.19.50
0714.90.40	1001.90.10	1515.11.00	1901.10.45	2008.19.85
0802.11.00	1001.90.20	1515.19.00	1901.10.55	2008.20.00
0802.12.00	1003.00.20	1515.21.00	1901.10.60	2008.30.20
0802.21.00	1003.00.40	1515.29.00	1901.10.80	2008.30.30
0802.22.00	1006.10.00	1516.20.10	1901.10.95	2008.30.35
0802.32.00	1006.20.20	1516.20.90	1901.90.10	2008.30.40
0802.90.10	1006.20.40	1517.10.00	1901.90.20	2008.30.46
0802.90.90	1006.30.90	1517.90.45	1901.90.32	2008.30.65
0804.10.20	1006.40.00	1517.90.50	1901.90.33	2008.30.70
0804.10.40	1008.20.00	1517.90.90	1901.90.34	2008.30.80
0804.10.60	1008.90.00	1518.00.20	1901.90.38	2008.30.85
0804.10.80	1101.00.00	1522.00.00	1901.90.42	2008.40.00
0804.20.40	1102.10.00	1602.10.00	1901.90.44	2008.50.40
0804.20.80	1103.11.00	1602.20.20	1901.90.46	2008.60.00
0804.30.20	1103.19.00	1602.41.90	1901.90.48	2008.70.00
0804.30.40	1104.11.00	1602.42.40	1901.90.56	2008.80.00
0804.30.60	1104.19.00	1602.50.60	1901.90.70	2008.92.10
0804.40.00	1104.21.00	1603.00.10	1903.00.40	2008.92.90
0805.10.00	1105.20.00	1604.11.20	1904.20.10	2008.99.05
0805.20.00	1107.10.00	1604.11.40	1904.20.90	2008.99.10
0805.30.20	1107.20.00	1604.12.20	2001.90.20	2008.99.18
0805.40.40	1108.13.00	1604.12.40	2001.90.35	2008.99.25
0805.40.60	1202.10.05	1604.13.10	2001.90.60	2008.99.29
0805.40.80	1202.10.40	1604.13.20	2002.10.00	2008.99.42
0806.10.20	1202.20.05	1604.13.30	2002.90.00	2008.99.60
0806.10.60	1202.20.40	1604.14.10	2003.10.00	2009.11.00
0806.20.10	1204.00.00	1604.14.20	2004.10.80	2009.19.25
0806.20.20	1205.00.00	1604.14.30	2004.90.90	2009.19.45
0806.20.90	1207.20.00	1604.14.40	2005.51.20	2009.20.20
0807.11.40	1208.10.00	1604.14.70	2005.60.00	2009.20.40
0807.19.10	1208.90.00	1604.14.80	2005.70.50	2009.30.40
0807.19.80	1209.22.20	1604.19.10	2005.70.60	2009.30.60
0808.20.40	1209.24.00	1604.19.40	2005.70.70	2009.40.20
0809.10.00	1209.25.00	1604.19.50	2005.70.91	2009.40.40
0809.30.20	1209.91.10	1604.20.15	2005.70.97	2009.60.00
0809.40.40	1209.91.50	1604.20.25	2005.90.30	2009.80.40
0810.20.10	1212.30.00	1604.20.30	2005.90.50	2009.90.40
0811.90.22	1212.91.00	1604.20.40	2005.90.80	2101.30.00
0811.90.40	1214.10.00	1604.20.50	2006.00.20	2103.20.40
0811.90.80	1302.13.00	1604.20.60	2006.00.40	2105.00.05
0812.10.00	1302.39.00	1604.30.30	2006.00.50	2105.00.10
0812.20.00	1401.90.20	1605.90.06	2006.00.60	2105.00.25
0812.90.10	1402.90.10	1605.90.50	2007.10.00	2105.00.30
0812.90.20	1403.10.00	1702.11.00	2007.91.10	2105.00.50
0812.90.30	1501.00.00	1702.19.00	2007.99.15	2106.90.22
0812.90.40	1502.00.00	1702.50.00	2007.99.35	2106.90.24
0812.90.90	1503.00.00	1704.90.10	2007.99.55	2106.90.28

Annex (con.)

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Part A (con.):

2106.90.32	2401.20.85	2901.24.20	2909.30.09	2918.23.50
2106.90.34	2401.30.25	2901.24.50	2909.30.40	2918.29.04
2106.90.38	2401.30.27	2901.29.10	2909.30.60	2918.29.20
2106.90.48	2401.30.35	2901.29.50	2909.49.10	2918.29.65
2106.90.62	2401.30.37	2902.19.00	2909.49.15	2918.29.75
2106.90.64	2402.10.30	2902.90.30	2909.50.10	2918.30.10
2106.90.78	2402.10.60	2902.90.90	2909.50.45	2918.30.25
2106.90.83	2402.20.80	2903.30.05	2909.50.50	2918.30.30
2106.90.85	2402.90.00	2903.59.05	2909.60.10	2918.90.05
2106.90.95	2403.10.20	2903.59.15	2909.60.20	2918.90.43
2202.90.10	2403.10.30	2903.59.20	2910.90.20	2918.90.47
2202.90.22	2403.10.60	2903.61.20	2912.21.00	2919.00.30
2202.90.24	2403.91.43	2903.62.00	2912.30.10	2920.90.20
2202.90.30	2403.91.45	2903.69.10	2913.00.40	2921.22.10
2202.90.35	2403.99.20	2903.69.20	2914.11.10	2921.30.10
2204.21.20	2403.99.30	2903.69.23	2914.40.40	2921.30.30
2204.21.50	2403.99.60	2903.69.27	2914.50.30	2921.41.10
2204.29.20	2507.00.00	2903.69.70	2914.69.20	2921.41.20
2204.29.40	2508.10.00	2904.10.10	2914.69.90	2921.42.10
2204.29.60	2508.20.00	2904.10.15	2914.70.40	2921.42.18
2204.29.80	2508.30.00	2904.10.32	2915.39.30	2921.42.22
2204.30.00	2508.40.00	2904.10.37	2915.39.35	2921.42.65
2205.90.40	2509.00.20	2904.10.50	2915.40.20	2921.42.90
2206.00.30	2511.20.00	2904.20.10	2915.40.30	2921.43.08
2206.00.60	2519.90.20	2904.20.15	2915.90.18	2921.43.15
2207.10.60	2525.20.00	2904.20.35	2916.11.00	2921.43.40
2207.20.00	2613.10.00	2904.20.40	2916.13.00	2921.43.80
2208.20.20	2613.90.00	2904.20.45	2916.15.10	2921.44.10
2208.20.30	2616.10.00	2904.90.08	2916.19.30	2921.44.20
2208.20.40	2616.90.00	2904.90.20	2916.31.30	2921.44.70
2208.20.50	2620.11.00	2904.90.30	2916.31.50	2921.45.10
2208.20.60	2709.00.10	2904.90.40	2916.32.10	2921.45.20
2208.30.30	2709.00.20	2904.90.47	2916.32.20	2921.45.60
2208.30.60	2710.00.05	2905.17.00	2916.34.10	2921.45.90
2208.40.00	2710.00.10	2906.12.00	2916.34.25	2921.49.10
2208.90.01	2710.00.15	2906.21.00	2916.34.55	2921.49.37
2208.90.20	2710.00.18	2906.29.60	2916.35.25	2921.49.43
2208.90.25	2710.00.20	2907.13.00	2916.35.55	2921.49.45
2208.90.30	2710.00.25	2907.15.60	2916.39.03	2921.49.50
2208.90.35	2710.00.30	2907.19.10	2916.39.45	2921.51.10
2208.90.40	2710.00.45	2907.19.20	2916.39.75	2921.51.30
2302.50.00	2710.00.60	2907.19.80	2917.12.10	2921.51.50
2303.10.00	2801.30.20	2907.21.00	2917.12.50	2921.59.08
2304.00.00	2804.61.00	2907.22.50	2917.19.20	2921.59.30
2306.10.00	2804.69.50	2907.29.90	2917.19.27	2921.59.40
2308.10.00	2805.11.00	2907.30.00	2917.19.40	2921.59.80
2308.90.80	2805.19.00	2908.10.10	2917.20.00	2922.19.18
2309.90.22	2805.21.00	2908.10.25	2917.36.00	2922.19.20
2309.90.24	2805.30.00	2908.10.35	2917.39.04	2922.19.60
2309.90.42	2825.90.30	2908.10.60	2917.39.15	2922.19.70
2309.90.44	2827.39.40	2908.20.04	2917.39.17	2922.21.10
2309.90.60	2841.80.00	2908.20.20	2917.39.30	2922.21.40
2309.90.95	2842.10.00	2908.20.60	2917.39.70	2922.21.50
2401.10.61	2843.10.00	2908.90.08	2918.17.50	2922.22.10

Annex (con.)

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Part A (con.):

2922.29.27	2932.29.30	2934.90.06	3301.13.00	3916.90.30
2922.29.60	2932.29.45	2934.90.39	3302.10.90	3918.10.32
2922.29.80	2932.91.00	2934.90.44	3403.11.20	3918.10.40
2922.30.10	2932.92.00	2935.00.10	3403.19.10	3918.90.20
2922.30.25	2932.93.00	2935.00.15	3403.91.50	3918.90.30
2922.30.45	2932.99.35	2935.00.48	3403.99.00	3921.13.19
2922.42.10	2932.99.39	2935.00.60	3404.90.10	3921.90.19
2922.43.10	2932.99.60	2935.00.75	3407.00.40	3921.90.21
2922.43.50	2932.99.70	2935.00.95	3502.11.00	3921.90.29
2922.49.10	2933.19.08	2942.00.05	3502.19.00	3926.20.40
2922.49.27	2933.19.37	2942.00.10	3503.00.20	3926.30.50
2922.49.30	2933.19.43	2942.00.35	3503.00.40	3926.90.55
2922.49.37	2933.29.10	3202.10.50	3506.10.10	3926.90.59
2922.50.10	2933.29.35	3204.11.10	3606.90.30	3926.90.65
2922.50.14	2933.29.43	3204.11.15	3804.00.50	3926.90.77
2922.50.17	2933.32.10	3204.11.35	3805.90.00	3926.90.85
2922.50.25	2933.32.50	3204.11.50	3806.90.00	4007.00.00
2922.50.35	2933.39.20	3204.12.17	3808.10.50	4008.21.00
2922.50.40	2933.39.30	3204.12.20	3808.20.50	4010.12.90
2924.10.80	2933.39.41	3204.12.30	3808.30.50	4010.19.80
2924.21.20	2933.39.61	3204.12.45	3808.90.95	4010.21.30
2924.21.45	2933.39.91	3204.12.50	3809.92.10	4010.22.30
2924.22.00	2933.40.15	3204.13.10	3809.92.50	4010.23.50
2924.29.05	2933.40.20	3204.13.20	3809.93.10	4010.24.50
2924.29.20	2933.40.26	3204.13.25	3809.93.50	4010.29.10
2924.29.31	2933.40.60	3204.13.60	3810.10.00	4010.29.50
2924.29.70	2933.40.70	3204.13.80	3810.90.10	4012.20.60
2924.29.75	2933.51.90	3204.14.10	3810.90.50	4012.20.80
2925.19.10	2933.59.21	3204.14.20	3811.19.00	4015.19.50
2925.19.40	2933.59.22	3204.14.25	3811.21.00	4015.90.00
2925.20.10	2933.59.36	3204.14.30	3811.29.00	4104.10.60
2925.20.20	2933.59.45	3204.14.50	3811.90.00	4104.10.80
2925.20.60	2933.59.53	3204.15.10	3812.10.50	4105.12.00
2926.90.05	2933.59.70	3204.15.20	3812.20.50	4105.19.10
2926.90.12	2933.59.80	3204.15.30	3812.30.90	4105.19.20
2926.90.44	2933.79.09	3204.15.35	3814.00.10	4105.20.30
2926.90.47	2933.79.15	3204.15.40	3814.00.50	4107.10.20
2927.00.06	2933.90.13	3204.15.80	3815.90.50	4107.10.30
2927.00.40	2933.90.26	3204.16.10	3817.10.10	4107.90.30
2927.00.50	2933.90.46	3204.16.20	3817.20.00	4109.00.30
2928.00.25	2933.90.53	3204.16.30	3819.00.00	4109.00.40
2929.10.10	2933.90.61	3204.16.50	3820.00.00	4304.00.00
2929.10.20	2933.90.65	3204.17.04	3821.00.00	4405.00.00
2929.10.35	2933.90.70	3204.17.20	3823.13.00	4409.10.65
2929.10.55	2933.90.75	3204.17.60	3823.19.40	4409.20.65
2929.10.80	2933.90.79	3204.17.90	3823.70.20	4412.19.50
2929.90.15	2933.90.82	3204.19.11	3823.70.40	4420.90.65
2929.90.20	2934.10.10	3204.19.20	3823.70.60	4421.10.00
2930.20.20	2934.10.20	3204.19.25	3824.10.00	4421.90.20
2930.90.29	2934.20.20	3204.19.30	3824.40.10	4421.90.40
2930.90.45	2934.20.30	3204.19.40	3824.40.50	4421.90.80
2931.00.10	2934.20.40	3204.19.50	3824.71.00	4421.90.85
2931.00.15	2934.20.80	3205.00.40	3824.79.00	4601.99.00
2931.00.22	2934.30.12	3205.00.50	3824.90.28	6901.00.00
2931.00.27	2934.30.23	3206.49.20	3824.90.35	6907.10.00

Annex (con.)

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Part A (con.):

6911.10.10	7202.21.75	7211.19.15	7217.20.30	7225.40.70
6911.10.52	7202.21.90	7211.19.20	7217.20.45	7225.50.10
6911.10.58	7202.49.10	7211.19.30	7217.20.60	7225.50.60
6911.10.80	7202.70.00	7211.19.45	7217.20.75	7225.50.70
6912.00.20	7202.91.00	7211.19.60	7217.30.15	7225.50.80
6912.00.39	7202.92.00	7211.19.75	7217.30.30	7226.11.10
6912.00.45	7202.93.00	7211.23.15	7217.30.45	7226.11.90
7002.10.10	7202.99.10	7211.23.20	7217.30.60	7226.19.10
7004.90.05	7202.99.50	7211.23.30	7217.30.75	7226.19.90
7004.90.10	7206.10.00	7211.23.45	7217.90.10	7226.20.00
7004.90.15	7207.11.00	7211.23.60	7217.90.50	7226.91.15
7004.90.20	7207.12.00	7211.29.20	7218.10.00	7226.91.25
7005.21.10	7207.19.00	7211.29.45	7218.91.00	7226.91.50
7005.21.20	7207.20.00	7211.29.60	7218.99.00	7226.91.70
7005.29.08	7208.10.15	7211.90.00	7219.11.00	7226.91.80
7005.29.18	7208.10.30	7212.10.00	7219.12.00	7226.92.10
7013.10.50	7208.10.60	7212.20.00	7219.13.00	7226.92.30
7013.21.10	7208.25.30	7212.30.10	7219.14.00	7226.92.50
7013.21.20	7208.25.60	7212.30.30	7219.21.00	7226.92.70
7013.21.30	7208.26.00	7212.30.50	7219.22.00	7226.92.80
7013.29.05	7208.27.00	7212.40.10	7219.23.00	7226.93.00
7013.29.10	7208.36.00	7212.40.50	7219.24.00	7226.94.00
7013.29.20	7208.37.00	7212.50.00	7219.31.00	7226.99.00
7013.29.30	7208.38.00	7212.60.00	7219.32.00	7227.10.00
7013.29.40	7208.39.00	7213.10.00	7219.33.00	7227.20.00
7013.29.50	7208.40.30	7213.20.00	7219.34.00	7227.90.10
7013.29.60	7208.40.60	7213.91.30	7219.35.00	7227.90.20
7013.31.10	7208.51.00	7213.91.45	7219.90.00	7227.90.60
7013.31.20	7208.52.00	7213.91.60	7220.11.00	7228.10.00
7013.32.10	7208.53.00	7213.99.00	7220.12.10	7228.20.10
7013.32.20	7208.54.00	7214.10.00	7220.12.50	7228.20.50
7013.32.30	7208.90.00	7214.20.00	7220.20.10	7228.30.20
7013.32.40	7209.15.00	7214.30.00	7220.20.60	7228.30.60
7013.39.10	7209.16.00	7214.91.00	7220.20.70	7228.30.80
7013.39.20	7209.17.00	7214.99.00	7220.20.80	7228.40.00
7013.39.30	7209.18.15	7215.10.00	7220.20.90	7228.50.10
7013.39.40	7209.18.25	7215.50.00	7220.90.00	7228.50.50
7013.39.50	7209.18.60	7215.90.10	7221.00.00	7228.60.10
7013.39.60	7209.25.00	7215.90.30	7222.11.00	7228.60.60
7013.91.10	7209.26.00	7216.10.00	7222.19.00	7228.60.80
7013.91.20	7209.27.00	7216.21.00	7222.20.00	7228.70.30
7013.91.30	7209.28.00	7216.22.00	7222.30.00	7228.70.60
7013.99.10	7209.90.00	7216.31.00	7222.40.30	7228.80.00
7013.99.20	7210.11.00	7216.32.00	7222.40.60	7229.10.00
7013.99.40	7210.12.00	7216.33.00	7223.00.10	7229.20.00
7013.99.50	7210.20.00	7216.40.00	7223.00.50	7229.90.10
7013.99.60	7210.30.00	7216.50.00	7223.00.90	7229.90.50
7013.99.70	7210.41.00	7216.91.00	7224.10.00	7229.90.90
7013.99.80	7210.49.00	7216.99.00	7224.90.00	7301.10.00
7013.99.90	7210.50.00	7217.10.10	7225.11.00	7301.20.10
7018.20.00	7210.61.00	7217.10.20	7225.19.00	7301.20.50
7019.19.90	7210.69.00	7217.10.30	7225.20.00	7302.10.10
7019.90.10	7210.70.30	7217.10.40	7225.30.10	7302.10.50
7104.20.00	7210.70.60	7217.10.50	7225.30.30	7302.20.00
7108.12.50	7210.90.10	7217.10.60	7225.30.50	7302.40.00

Annex (con.)

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Part A (con.):

7304.29.10	7307.93.30	8301.10.40	8528.30.68	8529.90.43
7304.29.20	7308.90.30	8301.10.80	8528.30.78	8529.90.46
7304.29.30	7308.90.60	8302.30.60	8528.30.90	8529.90.49
7304.29.40	7312.10.30	8430.49.40	8529.10.20	8529.90.53
7304.29.50	7312.10.50	8431.43.40	8529.90.03	8529.90.69
7304.29.60	7312.10.60	8482.10.10	8529.90.06	8529.90.83
7304.31.30	7312.10.70	8482.10.50	8529.90.13	8529.90.86
7304.31.60	7312.10.90	8482.20.00	8529.90.33	8529.90.89
7304.39.00	7314.31.10	8482.91.00	8529.90.36	8529.90.93
7304.41.30	7314.41.00	8482.99.05	8529.90.39	8532.10.00
7304.41.60	7314.42.00	8482.99.15		8532.21.00
7304.49.00	7317.00.55	8482.99.25		8532.22.00
7304.51.10	7318.11.00	8482.99.35		8532.23.00
7304.51.50	7318.14.10	8482.99.45		8532.24.00
7304.59.10	7318.14.50	8482.99.65		8532.25.00
7304.59.20	7320.10.60	8483.20.80		8532.30.00
7304.59.60	7324.90.00	8483.30.80		8533.21.00
7304.59.80	7601.10.30	8483.60.80		8533.29.00
7304.90.10	7601.20.30	8483.90.30		8533.31.00
7304.90.30	7601.20.60	8483.90.70		8533.39.00
7304.90.50	7604.21.00	8483.90.80		8533.40.80
7304.90.70	7614.10.10	8521.90.00		8533.90.40
7305.11.10	7614.90.40	8525.10.20		8533.90.80
7305.11.50	7901.12.10	8527.13.20		8540.11.10
7305.12.10	8101.10.00	8527.13.40		8540.11.24
7305.12.50	8101.91.50	8527.21.40		8540.11.28
7305.19.10	8101.92.00	8527.29.80		8540.11.30
7305.19.50	8101.93.00	8527.31.05		8540.11.44
7305.20.20	8102.10.00	8527.31.50		8540.11.48
7305.20.40	8102.91.10	8527.31.60		8540.11.50
7305.20.60	8104.19.00	8527.90.40		8540.12.50
7305.20.80	8104.30.00	8528.12.08		8540.12.70
7305.31.40	8105.10.30	8528.12.20		8540.20.20
7305.31.60	8108.10.50	8528.12.24		8540.20.40
7305.39.10	8109.10.60	8528.12.32		8540.40.00
7305.39.50	8111.00.45	8528.12.40		8540.50.00
7305.90.10	8112.40.60	8528.12.48		8540.60.00
7305.90.50	8112.91.40	8528.12.56		8540.71.40
7306.10.10	8112.91.60	8528.12.68		8540.72.00
7306.10.50	8203.20.40	8528.12.72		8540.79.00
7306.20.10	8205.90.00	8528.12.84		8540.81.00
7306.20.20	8206.00.00	8528.12.88		8540.89.00
7306.20.30	8211.10.00	8528.13.00		8540.91.15
7306.20.40	8211.91.20	8528.21.10		8540.91.20
7306.20.60	8211.91.25	8528.21.24		8540.91.50
7306.20.80	8211.91.30	8528.21.29		8540.99.40
7306.30.10	8211.91.40	8528.21.39		8540.99.80
7306.30.50	8213.00.90	8528.21.42		8607.19.03
7306.40.10	8214.90.30	8528.21.49		8607.19.06
7306.40.50	8215.10.00	8528.21.52		8701.20.00
7306.50.10	8215.20.00	8528.21.65		8703.10.10
7306.50.50	8215.99.01	8528.21.70		8703.21.00
7306.60.10	8215.99.05	8528.21.85		
7306.60.30	8215.99.10	8528.21.90		
7306.60.50	8215.99.15	8528.22.00		

Annex (con.)

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Part A (con.):

8703.22.00	9104.00.40	9109.19.60
8703.23.00	9104.00.45	9109.90.20
8703.24.00	9104.00.50	9109.90.40
8703.31.00	9104.00.60	9109.90.60
8703.32.00	9105.11.40	9110.11.00
8703.33.00	9105.11.80	9110.12.00
8703.90.00	9105.19.20	9110.19.00
8704.10.10	9105.19.30	9110.90.20
8704.10.50	9105.19.50	9110.90.40
8704.21.00	9105.21.40	9110.90.60
8704.22.10	9105.21.80	9111.10.00
8704.22.50	9105.29.10	9111.20.20
8704.23.00	9105.29.20	9111.20.40
8704.31.00	9105.29.30	9111.80.00
8704.32.00	9105.29.40	9111.90.40
8704.90.00	9105.29.50	9111.90.50
8706.00.03	9105.91.40	9111.90.70
8706.00.05	9105.91.80	9112.10.00
8706.00.15	9105.99.20	9113.20.40
8706.00.25	9105.99.30	9113.90.40
8707.10.00	9105.99.40	9114.10.40
8707.90.50	9105.99.50	9114.10.80
8708.92.50	9105.99.60	9114.30.40
8712.00.15	9106.10.00	9114.30.80
8712.00.25	9106.20.00	9114.40.20
8712.00.35	9106.90.75	9114.40.40
8712.00.44	9106.90.85	9114.40.60
8712.00.48	9107.00.80	9114.40.80
8713.90.00	9108.11.40	9114.90.15
8714.91.30	9108.11.80	9114.90.30
8714.91.50	9108.12.00	9114.90.40
8714.91.90	9108.19.40	9114.90.50
8714.92.10	9108.19.80	9209.91.80
8714.93.28	9108.20.40	9302.00.00
8714.93.35	9108.20.80	9305.10.20
8714.94.90	9108.91.10	9404.29.10
8714.95.00	9108.91.20	9506.99.08
8714.96.10	9108.91.30	9507.10.00
8714.96.90	9108.91.40	9507.30.20
8714.99.10	9108.91.50	9507.30.40
8714.99.80	9108.91.60	9507.90.70
9029.20.20	9108.99.20	9603.10.05
9029.90.40	9108.99.40	9603.10.15
9103.10.20	9108.99.60	9603.10.35
9103.10.40	9108.99.80	9603.10.40
9103.10.80	9109.11.10	9603.10.50
9103.90.00	9109.11.20	9603.10.60
9104.00.05	9109.11.40	9608.31.00
9104.00.10	9109.11.60	9608.39.00
9104.00.20	9109.19.10	9608.50.00
9104.00.25	9109.19.20	9612.20.00
9104.00.30	9109.19.40	9616.20.00

Part B

Annex (con.)

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9102.11.50	9102.11.65	9102.21.25	9102.29.30
	9102.11.70	9102.21.30	9102.29.35
	9102.11.95	9102.21.50	9102.29.40
	9102.12.20	9102.21.70	9102.29.45
	9102.19.20	9102.21.90	9102.29.50
	9102.19.40	9102.29.02	9102.29.55
	9102.19.60	9102.29.15	9102.29.60
	9102.19.80	9102.29.20	9102.91.40
	9102.21.10	9102.29.25	9102.91.80

Part C Least-developed beneficiary developing countries

Angola	Madagascar
Bangladesh	Malawi
Benin	Mali
Bhutan	Mozambique
Burkina Faso	Nepal
Burundi	Niger
Cape Verde	Rwanda
Central African Republic	Sao Tome and Principe
Chad	Sierra Leone
Comoros	Somalia
Djibouti	Tanzania
Equatorial Guinea	Togo
Ethiopia	Tuvalu
Gambia, The	Uganda
Guinea	Vanautu
Guinea-Bissau	Yemen, Republic of
Haiti	Zaire
Kiribati	Zambia
Lesotho	

APPENDIX B
Response Letter to USTR

CHAIRMAN



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

October 15, 1996

Honorable Charlene Barshefsky
Acting United States Trade Representative
600 17th Street NW.
Washington, DC 20506

Dear Ambassador Barshefsky:

In response to your letter of September 16, 1996, the U.S. International Trade Commission has instituted an investigation under section 332(g) of the Tariff Act of 1930, entitled *Advice on Providing Additional GSP Benefits for Least-Developed Countries*. Enclosed for your information is a copy of the Commission's notice announcing the institution of the investigation, which will be published in the *Federal Register*. The Commission has scheduled a public hearing on the matter for November 19, 1996, and continuing on November 20 if necessary.

As you requested, the Commission will submit its report to you by March 3, 1997, and, as soon as possible thereafter, will issue a public version of the report containing only the unclassified sections, with any business confidential information deleted.

Please continue to call on us whenever we can be of assistance to you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Marcia E. Miller".

Marcia E. Miller
Chairman

Enclosure

[See appendix C for a copy of the Commission's Federal Register notice.]

APPENDIX C
Notice of Investigation

SUPPLEMENTARY INFORMATION: The Delta Region Preservation Commission was established pursuant to Section 907 of Public Law 95-625 (16 U.S.C. 230f), as amended, to advise the Secretary of the Interior in the selection of sites for inclusion in the Jean Lafitte National Historical Park and Preserve, and in the implementation and development of a general management plan and of a comprehensive interpretive program of natural, historic and cultural resources of the Region.

The purpose of the meeting is to afford Superintendent Smith an opportunity to update the Commission on park issues such as visitation and to open the floor for any questions concerning park issues. The meeting will be open to the public. However, facilities and space for accommodating members of the public are limited. Any member of the public may file with the Commission a written statement concerning the matters to be discussed. Written statements may also be submitted to the Superintendent at the address above. Minutes of the meeting will be available at Park Headquarters for public inspection approximately 4 weeks after the meeting.

Dated: October 10, 1996.

Stuart Johnson,

Acting Superintendent, Gulf Coast System Support Office.

[FR Doc. 96-26831 Filed 10-18-96; 8:45 am]
BILLING CODE 4310-70-M

Bureau of Reclamation

Colorado River Basin Salinity Control Advisory Council, Public Meeting

AGENCY: Bureau of Reclamation, Interior.

ACTION: Notice of public meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, announcement is made of a meeting of the Colorado River Basin Salinity Control Advisory Council (Council).

DATES: The meeting is scheduled to begin at about 8:00 a.m., Tuesday, October 22, 1996, and recess at about 12:00 m. (noon). The council will briefly reconvene at about 11:00 a.m. the following day after the Colorado River Basin Salinity Control Forum meeting.

ADDRESSES: The meeting will be held at the Doubletree Resort, Palm Desert,

125 South State Street, Salt Lake City, Utah, 84138-1102; Telephone: (801) 524-6292, ext. 1.

SUPPLEMENTARY INFORMATION: Council members will be briefed on the status of salinity control activities and receive input for drafting the Council's annual report. The Department of the Interior, the Department of Agriculture, and the Environmental Protection Agency will each present a progress report and a schedule of activities on salinity control in the Colorado River Basin. The Council will discuss salinity control activities and the content of their report.

The meeting of the Council is open to the public. Any member of the public may file written statements with the Council before, during, or after the meeting, in person or by mail. To the extent that time permits, the Council chairman may allow public presentation of oral statements at the meeting.

Dated: September 30, 1996.

Charles A. Calhoun,
Regional Director.

[FR Doc. 96-26945 Filed 10-18-96; 8:45 am]

BILLING CODE 4310-04-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-370]

Advice on Providing Additional GSP Benefits for Least-Developed Countries

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and scheduling of public hearing.

EFFECTIVE DATE: October 11, 1996.

SUMMARY: Following receipt on September 17, 1996, of a letter from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-370, Advice on Providing Additional GSP Benefits for Least-Developed Countries, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) in order that it might—

(1) In accordance with sections 503(a)(1)(B), 503(e), and 131(a) of the Trade Act of 1974 (1974 Act), with respect to each article listed in Part A of the attached annex, provide advice as to the probable economic effect on U.S. industries producing like or directly

of imports from the least-developed beneficiary developing countries (LDBCs); and

(2) In accordance with section 503(a)(1)(B), 503(b)(1)(B), 503(e), and 131(a) of the 1974 Act, with respect to the watches identified in Part B of the attached annex, provide advice as to the probable economic effect on watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the U.S. insular possessions and on consumers of the elimination of U.S. import duties under the GSP and; to the extent possible, the level of U.S. import sensitivity of such watches in the context of imports from the LDBCs.

USTR also requested that the Commission, with respect to the watches identified in Part B of the attached annex, (1) in order to form a basis for the material injury determination required by section 503(b)(1)(B) of the 1974 Act, provide, to the degree possible, data on the following factors for the most recent 3-year period for the watch and watch band, strap, and bracelet manufacturing and assembly operations in the United States or U.S. insular possessions: annual production, capacity, capacity utilization, domestic shipments, exports, inventories, employment, wages, and financial experience (including prices); and (2) provide data for the most recent 3-year period, to the extent possible, on the following factors for current and potential LDBCs: current and potential production capacity and capacity utilization, domestic shipments, and exports to U.S. and other markets.

As requested by USTR, the Commission will assume that the benefits of the GSP would continue to apply to imports that would be normally excluded from receiving such benefits by virtue of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act (an exemption from the application of the competitive need limits for the LDBCs is provided for in section 503(c)(2)(D) of the 1974 Act).

As requested by USTR, the Commission expects to submit its report by March 3, 1997. The Commission will publish shortly thereafter a public version of the report, deleting information that has been classified by USTR or which the Commission considers to be confidential business information.

Gearhart, Office of the General Counsel (202-205-3091). The media should contact Margaret O'Laughlin, Public Affairs Officer (202-205-1819). Hearing impaired persons are advised that information on this matter can be obtained by contacting the TDD terminal on 202-205-1810. For information on a product basis, contact the appropriate member of the Commission's Office of Industries, as follows:

- (1) Agriculture and forest products, Lowell Grant (202-205-3312)
- (2) Energy, chemicals, and textiles, Mary Elizabeth Sweet (202-205-3455)
- (3) Minerals, metals, machinery, and miscellaneous manufactures, Karl Tsuji (202-205-3434)
- (4) Services, electronics, and transportation, John Davitt (202-205-3407)

BACKGROUND: The letter from USTR noted that the Trade Policy Staff Committee pursuant to legislation reauthorizing the GSP has determined to institute an investigation and request the advice of the Commission on the designation of certain articles as eligible articles under the GSP for countries designated as LDCs for purposes of the GSP program. Legislation amending the GSP provisions and extending the program was signed by the President on August 20, 1996 (Public Law 104-188, 110 Stat. 1755) (Small Business Job Protection Act of 1996—for the GSP related provisions, see subtitle J of title I of the Act). The amendments apply to articles entered on or after October 1, 1996.

Watches, along with several other categories of "import-sensitive articles," were excluded from GSP eligibility in the 1974 Act, which implemented the GSP program. The 1974 Act was amended by the Omnibus Trade and Competitiveness Act of 1988 to permit the President to designate watches as

GSP-eligible articles if he determines that such designation will not cause "material injury" to watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the U.S. insular possessions. The legislative history of section 503(c)(1) of the 1974 Act defines material injury to mean "substantial or significant injury."

PUBLIC HEARING: A public hearing in connection with the investigation will be held at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 a.m. on November 19, 1996, and continuing, as required on November 20. The Commission asks that testimony focus on the issues stated in the SUMMARY above. All persons shall have the right to appear, by counsel or in person, to present information and to be heard. Requests to appear at the hearing should be filed with the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436, no later than 5:15 p.m., November 6, 1996. Any prehearing briefs (original and 14 copies) should be filed not later than 5:15 p.m., November 13, 1996; the deadline for filing posthearing briefs or statements is 5:15 p.m., December 6, 1996.

In the event that, as of the close of business on November 6, 1996, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or non-participant may call the Secretary to the Commission (202-205-1816) after November 12, 1996, to determine whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to participating in the hearing, interested persons are invited to submit written statements concerning the matters to be addressed by the

Commission in its report on this investigation. Commercial or financial information that a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of § 201.6 of the Commission's *Rules of Practice and Procedure* (19 C.F.R. 201.6). All written submissions, except for confidential business information, will be made available in the Office of the Secretary of the Commission for inspection by interested persons. The Commission may include confidential business information submitted in the course of this investigation in the report that it sends to the President and USTR. However, the Commission will not publish such information in the public version of its report in a manner that would reveal the individual operations of the firm supplying the information.

To be assured of consideration by the Commission, written statements relating to the investigation should be submitted to the Commission at the earliest practical date and should be received no later than the close of business on December 6, 1996. All submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436.

Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

Issued: October 11, 1996.

By order of the Commission.

Donna R. Koehnke,
Secretary.

Attachment

ANNEX

PART A

0101.20.20	0202.20.30	0207.35.00	0402.91.03	0404.10.50
0101.20.40	0202.20.50	0207.36.00	0402.91.06	0404.90.28
0102.90.40	0202.30.04	0208.10.00	0402.91.10	0404.90.30
0104.20.00	0202.30.06	0208.90.40	0402.91.30	0404.90.70
0105.11.00	0202.30.30	0210.11.00	0402.99.03	0405.10.05
0105.12.00	0202.30.50	0210.19.00	0402.99.06	0405.10.10
0105.19.00	0203.12.10	0304.10.10	0402.99.10	0405.20.10
0105.92.00	0203.19.20	0304.20.30	0402.99.30	0405.20.20
0105.93.00	0204.10.00	0305.30.20	0402.99.68	0405.20.40
0105.99.00	0204.21.00	0305.30.40	0402.99.70	0406.20.50
0106.00.30	0204.22.20	0305.41.00	0403.10.05	0405.20.60

ANNEX—Continued

0201.20.10	0204.42.20	0401.20.20	0403.90.37	0406.10.34
0201.20.30	0204.42.40	0401.30.02	0403.90.41	0406.10.44
0201.20.50	0204.43.20	0401.30.05	0403.90.47	0406.10.54
0201.30.02	0204.43.40	0401.30.42	0403.90.51	0406.10.64
0201.30.04	0207.11.00	0401.30.50	0403.90.57	0406.10.74
0201.30.06	0207.12.00	0402.10.05	0403.90.61	0406.10.84
0201.30.10	0207.13.00	0402.10.10	0403.90.72	0406.10.95
0201.30.30	0207.14.00	0402.21.02	0403.90.74	0406.20.10
0201.30.50	0207.24.00	0402.21.05	0403.90.85	0406.20.22
0202.10.05	0207.25.20	0402.21.27	0403.90.87	0406.20.24
0202.10.10	0207.25.40	0402.21.30	0403.90.90	0406.20.29
0202.20.02	0207.26.00	0402.21.73	0404.10.08	0406.20.31
0202.20.04	0207.27.00	0402.21.75	0404.10.11	0406.20.34
0202.20.06	0207.32.00	0402.29.05	0404.10.20	0406.20.36
0202.20.10	0207.34.00	0402.29.10	0404.10.48	0406.20.43
0406.20.44	0406.30.77	0406.90.61	0708.20.90	0714.90.40
0406.20.49	0406.30.81	0406.90.63	0708.90.40	0802.11.00
0406.20.51	0406.30.85	0406.90.66	0709.20.90	0802.12.00
0406.20.54	0406.30.89	0406.90.72	0709.40.20	0802.21.00
0406.20.55	0406.30.95	0406.90.76	0709.40.60	0802.22.00
0406.20.56	0406.40.20	0406.90.82	0709.51.00	0802.32.00
0406.20.57	0406.40.40	0406.90.86	0709.70.00	0802.90.10
0406.20.61	0406.40.51	0406.90.90	0709.90.30	0802.90.90
0406.20.65	0406.40.52	0406.90.93	0709.90.35	0804.10.20
0406.20.69	0406.40.54	0406.90.95	0709.90.45	0804.10.40
0406.20.73	0406.40.58	0406.90.99	0709.90.90	0804.10.60
0406.20.77	0406.90.05	0408.11.00	0710.10.00	0804.10.80
0406.20.81	0406.90.06	0408.18.00	0710.22.37	0804.20.40
0406.20.85	0406.90.08	0408.91.00	0710.22.40	0804.20.80
0406.20.89	0406.90.14	0408.99.00	0710.28.40	0804.30.20
0406.20.95	0406.90.16	0409.00.00	0710.30.00	0804.30.40
0406.30.12	0406.90.20	0509.00.00	0710.40.00	0804.30.60
0406.30.14	0406.90.25	0601.10.30	0710.80.20	0804.40.00
0406.30.22	0406.90.28	0601.10.85	0710.80.40	0805.10.00
0406.30.24	0406.90.31	0601.20.10	0710.80.45	0805.20.00
0406.30.32	0406.90.33	0602.90.50	0710.80.60	0805.30.20
0406.30.34	0406.90.34	0603.10.60	0710.80.85	0805.40.40
0406.30.42	0406.90.36	0701.10.00	0710.80.97	0805.40.60
0406.30.44	0406.90.38	0701.90.50	0710.90.90	0805.40.80
0406.30.49	0406.90.39	0702.00.20	0711.20.38	0806.10.20
0406.30.51	0406.90.41	0702.00.40	0711.20.40	0806.10.60
0406.30.55	0406.90.43	0703.10.40	0711.90.40	0806.20.10
0406.30.56	0406.90.44	0703.90.00	0712.20.20	0806.20.20
0406.30.57	0406.90.46	0704.90.40	0712.20.40	0806.20.90
0406.30.61	0406.90.49	0706.10.05	0712.30.20	0807.11.40
0406.30.65	0406.90.51	0706.10.20	0712.90.20	0807.19.10
0406.30.69	0406.90.52	0706.90.40	0712.90.40	0807.19.80
0406.30.73	0406.90.59	0707.00.50	0712.90.75	0808.20.40
0809.10.00	1006.30.90	1302.39.00	1602.41.90	1704.90.52
0809.30.20	1006.40.00	1401.90.20	1602.42.40	1704.90.54
0809.40.40	1008.20.00	1402.90.10	1602.50.60	1704.90.74
0810.20.10	1008.90.00	1403.10.00	1603.00.10	1704.90.90
0811.90.22	1101.00.00	1501.00.00	1604.11.20	1806.20.79
0811.90.40	1102.10.00	1502.00.00	1604.11.40	1806.20.81
0811.90.80	1103.11.00	1503.00.00	1604.12.20	1806.20.85
0812.10.00	1103.19.00	1504.10.40	1604.12.40	1806.20.95
0812.20.00	1104.11.00	1507.10.00	1604.13.10	1806.20.99
0812.90.10	1104.19.00	1507.90.40	1604.13.20	1901.10.05
0812.90.20	1104.21.00	1508.10.00	1604.13.30	1901.10.15
0812.90.30	1105.20.00	1508.90.00	1604.14.10	1901.10.35
0812.90.40	1107.10.00	1512.11.00	1604.14.20	1901.10.45
0812.90.90	1107.20.00	1512.19.00	1604.14.30	1901.10.55
0813.20.10	1108.13.00	1512.21.00	1604.14.40	1901.10.60
0813.20.20	1202.10.05	1512.29.00	1604.14.70	1901.10.80
0813.40.15	1202.10.40	1514.10.90	1604.14.80	1901.10.95
0813.40.30	1202.20.05	1514.90.50	1604.19.10	1901.90.10
0813.40.40	1202.20.40	1514.90.90	1604.19.40	1901.90.20
			1604.19.50	1901.90.32

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1001.10.00	1209.24.00	1517.10.00	1604.20.60	1901.90.46
1001.90.10	1209.25.00	1517.90.45	1604.30.30	1901.90.48
1001.90.20	1209.91.10	1517.90.50	1605.90.06	1901.90.56
1003.00.20	1209.91.50	1517.90.90	1605.90.50	1901.90.70
1003.00.40	1212.30.00	1518.00.20	1702.11.00	1903.00.40
1006.10.00	1212.91.00	1522.00.00	1702.19.00	1904.20.10
1006.20.20	1214.10.00	1602.10.00	1702.50.00	1904.20.90
1006.20.40	1302.13.00	1602.20.20	1704.90.10	2001.90.20
2001.90.35	2008.11.42	2009.20.20	2202.90.35	2309.90.22
2001.90.60	2008.11.45	2009.20.40	2204.21.20	2309.90.24
2002.10.00	2008.19.20	2009.30.40	2204.21.50	2309.90.42
2002.90.00	2008.19.40	2009.30.60	2204.29.20	2309.90.44
2003.10.00	2008.19.50	2009.40.20	2204.29.40	2309.90.60
2004.10.80	2008.19.85	2009.40.40	2204.29.60	2309.90.95
2004.90.90	2008.20.00	2009.60.00	2204.29.80	2401.10.61
2005.51.20	2008.30.20	2009.80.40	2204.30.00	2401.10.63
2005.60.00	2008.30.30	2009.90.40	2205.90.40	2401.20.05
2005.70.50	2008.30.35	2101.30.00	2206.00.30	2401.20.31
2005.70.60	2008.30.40	2103.20.40	2206.00.60	2401.20.33
2005.70.70	2008.30.46	2105.00.05	2207.10.60	2401.20.83
2005.70.91	2008.30.65	2105.00.10	2207.20.00	2401.20.85
2005.70.97	2008.30.70	2105.00.25	2208.20.20	2401.30.25
2005.90.30	2008.30.80	2105.00.30	2208.20.30	2401.30.27
2005.90.50	2008.30.85	2105.00.50	2208.20.40	2401.30.35
2005.90.80	2008.40.00	2106.90.22	2208.20.50	2401.30.37
2006.00.20	2008.50.40	2106.90.24	2208.20.60	2402.10.30
2006.00.40	2008.60.00	2106.90.28	2208.30.30	2402.10.60
2006.00.50	2008.70.00	2106.90.32	2208.30.60	2402.20.80
2006.00.60	2008.80.00	2106.90.34	2208.40.00	2402.90.00
2007.10.00	2008.92.10	2106.90.38	2208.90.01	2403.10.20
2007.91.10	2008.92.90	2106.90.48	2208.90.20	2403.10.30
2007.99.15	2008.99.05	2106.90.62	2208.90.25	2403.10.60
2007.99.35	2008.99.10	2106.90.64	2208.90.30	2403.91.43
2007.99.55	2008.99.18	2106.90.78	2208.90.35	2403.91.45
2007.99.60	2008.99.25	2106.90.83	2208.90.40	2403.99.20
2007.99.65	2008.99.29	2106.90.85	2302.50.00	2403.99.30
2007.99.70	2008.99.42	2106.90.95	2303.10.00	2403.99.60
2008.11.02	2008.99.60	2202.90.10	2304.00.00	2507.00.00
2008.11.05	2008.99.60	2202.90.22	2306.10.00	2508.10.00
2008.11.22	2009.11.00	2202.90.24	2308.10.00	2508.20.00
2008.11.25	2009.19.25	2202.90.30	2308.90.80	2508.30.00
2508.40.00	2844.10.50	2904.90.08	2909.30.60	2916.34.55
2509.00.20	2849.90.30	2904.90.20	2909.49.10	2916.35.25
2511.20.00	2850.00.10	2904.90.30	2909.49.15	2916.35.55
2519.90.20	2901.10.40	2904.90.40	2909.50.10	2916.39.03
2525.20.00	2901.10.50	2904.90.47	2909.50.45	2916.39.45
2613.10.00	2901.24.20	2905.17.00	2909.50.50	2916.39.75
2613.90.00	2901.24.50	2906.12.00	2909.60.10	2917.12.10
2616.10.00	2901.29.10	2606.21.00	2909.60.20	2917.12.50
2616.90.00	2901.29.50	2906.29.60	2910.90.20	2917.19.20
2620.11.00	2902.19.00	2907.13.00	2912.21.00	2917.19.27
2709.00.10	2902.90.30	2907.15.60	2912.30.10	2917.19.40
2709.00.20	2902.90.90	2907.19.10	2913.00.40	2917.20.00
2710.00.05	2903.30.05	2907.19.20	2914.11.10	2917.36.00
2710.00.10	2903.59.05	2907.19.80	2914.40.40	2917.39.04
2710.00.15	2903.59.15	2907.21.00	2914.50.30	2917.39.15
2710.00.18	2903.59.20	2907.22.50	2914.69.20	2917.39.17
2710.00.20	2903.61.20	2907.29.90	2914.69.90	2917.39.30
2710.00.25	2903.62.00	2907.30.00	2914.70.40	2917.39.70
2710.00.30	2903.69.10	2908.10.10	2915.39.30	2918.17.50
2710.00.45	2903.69.20	2908.10.25	2915.39.35	2918.19.10
2710.00.60	2903.69.23	2908.10.35	2915.40.20	2918.19.20
2801.30.20	2903.69.27	2908.10.60	2915.40.30	2918.19.30
2804.61.00	2903.69.70	2908.20.04	2915.90.18	2918.19.90
2804.69.50	2904.10.10	2908.20.20	2916.11.00	2918.23.30
2805.11.00	2904.10.15	2908.20.60	2916.13.00	2918.23.50
2805.19.00	2904.10.32	2908.90.06	2916.15.10	2918.29.04
2805.21.00	2904.10.37	2908.90.28	2916.19.30	2918.29.20
2805.30.00	2904.10.50	2908.90.40	2916.31.30	2918.29.65
2825.90.30	2904.20.10	2908.90.50	2916.31.50	2918.29.75
2827.39.40	2904.20.15	2909.30.05	2916.32.10	2918.30.10
2841.80.00	2904.20.35	2909.30.07	2916.32.20	2918.30.25
2842.10.00	2904.20.40	2909.30.09	2916.34.10	2918.30.30

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2843.10.00	2904.20.45	2909.30.40	2916.34.25	2918.90.05
2918.90.43	2921.59.08	2922.50.25	2930.90.29	2933.40.20
2918.90.47	2921.59.30	2922.50.35	2930.90.45	2933.40.26
2919.00.30	2921.59.40	2922.50.40	2931.00.10	2933.40.60
2920.90.20	2921.59.80	2924.10.80	2931.00.15	2933.40.70
2921.22.10	2922.19.18	2924.21.20	2931.00.22	2933.51.90
2921.30.10	2922.19.20	2924.21.45	2931.00.27	2933.59.21
2921.30.30	2922.19.60	2924.22.00	2931.00.30	2933.59.22
2921.41.10	2922.19.70	2924.29.05	2931.00.60	2933.59.36
2921.41.20	2922.21.10	2924.29.20	2932.19.10	2933.59.45
2921.42.10	2922.21.40	2924.29.31	2932.29.20	2933.59.53
2921.42.18	2922.21.50	2924.29.70	2932.29.30	2933.59.70
2921.42.22	2922.22.10	2924.29.75	2932.29.45	2933.59.80
2921.42.65	2922.22.20	2925.19.10	2932.91.00	2933.79.09
2921.42.90	2922.22.50	2925.19.40	2932.92.00	2933.79.15
2921.43.08	2922.29.10	2925.20.10	2932.93.00	2933.90.13
2921.43.15	2922.29.15	2925.20.20	2932.99.35	2933.90.26
2921.43.40	2922.29.20	2925.20.60	2932.99.39	2933.90.46
2921.43.80	2922.29.27	2926.90.05	2932.99.60	2933.90.53
2921.44.10	2922.29.60	2926.90.12	2932.99.70	2933.90.61
2921.44.20	2922.29.80	2926.90.44	2933.19.08	2933.90.65
2921.44.70	2922.30.10	2926.90.47	2933.19.37	2933.90.70
2921.45.10	2922.30.25	2927.00.06	2933.19.43	2933.90.75
2921.45.20	2922.30.45	2927.00.40	2933.29.10	2933.90.79
2921.45.60	2922.42.10	2927.00.50	2933.29.35	2933.90.82
2921.45.90	2922.43.10	2928.00.25	2933.29.43	2934.10.10
2921.49.10	2922.43.50	2929.10.10	2933.32.10	2934.10.20
2921.49.37	2922.49.10	2929.10.20	2933.32.50	2934.20.20
2921.49.43	2922.49.27	2929.10.35	2933.39.20	2934.20.30
2921.49.45	2922.49.30	2929.10.55	2933.39.30	2934.20.40
2921.49.50	2922.49.37	2929.10.80	2933.39.41	2934.20.80
2921.51.10	2922.50.10	2929.90.15	2933.39.61	2934.30.12
2921.51.30	2922.50.14	2929.90.20	2933.39.91	2934.30.23
2921.51.50	2922.50.17	2930.20.20	2933.40.15	2934.30.27
2934.30.43	3204.14.30	3403.91.50	3815.90.50	3826.90.55
2934.30.50	3204.14.50	3403.99.00	3817.70.10	3826.90.59
2934.90.05	3204.15.10	3404.90.10	3817.20.00	3826.90.65
2934.90.06	3204.15.20	3407.00.40	3819.00.00	3826.90.77
2934.90.39	3204.15.30	3502.11.00	3820.00.00	3826.90.85
2934.90.44	3204.15.35	3502.19.00	3821.00.00	4007.00.00
2935.00.10	3204.15.40	3503.00.20	3823.13.00	4008.21.00
2935.00.15	3204.15.80	3503.00.40	3823.19.40	4010.12.90
2935.00.48	3204.16.10	3506.10.10	3823.70.20	4010.19.80
2935.00.60	3204.16.20	3606.90.30	3823.70.40	4010.21.30
2935.00.75	3204.16.30	3804.00.50	3823.70.60	4010.22.30
2935.00.95	3204.16.50	3805.90.00	3824.10.00	4010.23.50
2942.00.05	3204.17.04	3806.99.00	3824.40.10	4010.24.50
2942.00.10	3204.17.20	3808.10.50	3824.40.50	4010.29.10
2942.00.35	3204.17.60	3808.20.50	3824.71.00	4010.29.50
3202.10.50	3204.17.90	3808.30.50	3824.79.00	4012.20.60
3204.11.10	3204.19.11	3808.90.95	3824.90.28	4012.20.80
3204.11.15	3204.19.20	3809.82.10	3824.90.35	4015.19.50
3204.11.35	3204.19.25	3809.92.50	3824.90.45	4015.90.00
3204.11.50	3204.19.30	3809.93.10	3824.90.47	4104.10.60
3204.12.17	3204.19.40	3809.93.50	3824.90.90	4104.10.80
3204.12.20	3204.19.50	3810.10.00	3912.20.00	4105.12.00
3204.12.30	3205.00.40	3810.90.10	3916.90.30	4105.19.10
3204.12.45	3205.00.50	3810.90.50	3918.10.32	4105.19.20
3204.12.50	3206.49.20	3811.19.00	3918.10.40	4105.20.30
3204.13.10	3206.50.00	3811.21.00	3918.90.20	4107.10.20
3204.13.20	3207.40.50	3811.29.00	3918.90.30	4107.10.30
3204.13.25	3211.00.00	3811.90.00	3921.13.19	4107.90.30
3204.13.60	3214.90.50	3812.10.50	3921.90.19	4109.00.30
3204.13.80	3301.13.00	3812.20.50	3921.90.21	4109.00.40
3204.14.10	3302.10.90	3812.30.90	3921.90.29	4304.00.00
3204.14.20	3403.11.20	3814.00.10	3926.20.40	4405.00.00
3204.14.25	3403.19.10	3814.00.50	3926.30.50	4409.10.85
4409.20.65	7013.21.20	7019.19.90	7208.40.30	7211.14.00

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4421.90.80	7013.29.40	7201.50.60	7208.90.00	7211.19.75
4421.90.85	7013.29.50	7202.11.50	7209.15.00	7211.23.15
4610.99.00	7013.29.60	7202.21.75	7209.16.00	7211.23.20
6901.06.00	7013.31.10	7202.21.90	7209.17.00	7211.23.30
6907.10.00	7013.31.20	7202.49.10	7209.18.15	7211.23.45
6907.90.00	7013.32.10	7202.70.00	7209.18.25	7211.23.60
6908.10.10	7013.32.20	7202.91.00	7209.18.60	7211.29.20
6908.10.50	7013.32.30	7202.92.00	7209.25.00	7211.29.45
6908.90.00	7013.32.40	7202.93.00	7209.26.00	7211.29.60
6911.10.10	7013.33.10	7202.99.10	7209.27.00	7211.90.00
6911.10.52	7013.33.20	7202.99.50	7209.28.00	7212.10.00
6911.10.58	7013.33.30	7206.10.00	7209.90.00	7212.20.00
6911.10.80	7013.33.40	7207.11.00	7210.11.00	7212.30.10
6912.00.20	7013.33.50	7207.12.00	7210.12.00	7212.30.30
6912.00.39	7013.33.60	7207.19.00	7210.20.00	7212.30.50
6912.00.45	7013.91.10	7207.20.00	7210.30.00	7212.40.10
7002.10.10	7013.91.20	7208.10.15	7210.41.00	7212.40.50
7004.99.05	7013.91.30	7208.10.30	7210.49.00	7212.50.00
7004.90.10	7013.99.10	7208.10.60	7210.50.00	7212.60.00
7004.90.15	7013.99.20	7208.25.30	7210.61.00	7213.10.00
7004.90.20	7013.99.40	7208.25.60	7210.69.00	7213.20.00
7005.21.10	7013.99.50	7208.26.00	7210.70.30	7213.91.30
7005.21.20	7013.99.60	7208.27.00	7210.70.60	7213.91.45
7005.29.08	7013.99.70	7208.36.00	7210.90.10	7213.91.60
7005.29.18	7013.99.80	7208.37.00	7210.90.60	7213.99.00
7013.10.50	7013.99.90	7208.38.00	7210.90.90	7214.10.00
7013.21.10	7018.20.00	7208.39.00	7211.13.00	7214.20.00
7214.30.00	7217.30.45	7222.19.00	7226.91.70	7229.90.50
7214.91.00	7217.30.60	7222.20.00	7226.91.80	7229.90.90
7214.99.00	7217.30.75	7222.30.00	7226.92.10	7301.10.00
7215.10.00	7217.90.10	7222.40.30	7226.92.30	7301.20.10
7215.50.00	7217.90.50	7222.40.60	7226.92.50	7301.20.50
7215.90.10	7218.10.00	7223.00.10	7226.92.70	7301.10.10
7215.90.30	7218.91.00	7223.00.50	7226.92.80	7302.10.50
7216.10.00	7218.99.00	7223.00.90	7226.93.00	7302.20.00
7216.21.00	7219.11.00	7224.10.00	7226.94.00	7302.40.00
7216.22.00	7219.12.00	7224.90.00	7226.98.00	7304.10.10
7216.31.00	7219.13.00	7225.11.00	7227.10.00	7304.10.50
7216.32.00	7219.14.00	7225.19.00	7227.20.00	7304.21.30
7216.33.00	7219.21.00	7225.20.00	7227.90.10	7304.21.60
7216.40.00	7219.22.00	7225.30.10	7227.90.20	7304.29.10
7216.50.00	7219.23.00	7225.30.30	7227.90.60	7304.29.20
7216.91.00	7219.24.00	7225.30.50	7228.10.00	7304.29.30
7216.99.00	7219.31.00	7225.30.70	7228.20.10	7304.29.40
7217.10.10	7219.32.00	7225.40.10	7228.20.50	7304.29.50
7217.10.20	7219.33.00	7225.40.30	7228.30.20	7304.29.60
7217.10.30	7219.34.00	7225.40.50	7228.30.60	7304.31.30
7217.10.40	7219.35.00	7225.40.70	7228.30.80	7304.31.60
7217.10.50	7219.90.00	7225.50.10	7228.40.00	7304.39.00
7217.10.60	7220.11.00	7225.50.60	7228.50.10	7304.41.30
7217.10.70	7220.12.10	7225.50.70	7228.50.50	7304.41.60
7217.10.80	7220.12.50	7225.50.80	7228.60.10	7304.49.00
7217.10.90	7220.20.10	7226.11.10	7228.60.60	7304.51.10
7217.20.15	7220.20.60	7226.11.90	7228.60.80	7304.51.50
7217.20.30	7220.20.70	7226.19.10	7228.70.30	7304.59.10
7217.20.45	7220.20.80	7226.19.90	7228.70.60	7304.59.20
7217.20.60	7220.20.90	7226.20.00	7228.80.00	7304.59.60
7217.20.75	7220.90.00	7226.91.15	7229.10.00	7304.59.80
7217.30.15	7221.00.00	7226.91.25	7229.20.00	7304.90.10
7217.30.30	7222.11.00	7226.91.50	7229.90.10	7304.90.30
7304.90.50	7306.60.30	8101.93.00	8301.10.80	8528.12.32
7304.90.70	7306.60.50	8102.10.00	8302.30.60	8528.12.40
7305.11.10	7306.60.70	8102.91.10	8430.49.40	8528.12.48
7305.11.50	7306.90.10	8104.19.00	8431.43.40	8528.12.56
7305.12.10	7306.90.50	8104.30.00	8482.10.10	8528.12.68
7305.12.50	7307.19.90	8105.10.30	8482.10.50	8528.12.72
7305.19.10	7307.93.30	8106.10.50	8482.20.00	8528.12.84
		8109.10.60	8482.91.00	8528.12.88

ANNEX—Continued

7305.31.60	7312.10.90	8205.90.00	8482.99.65	8528.21.42
7305.39.10	7314.31.10	8206.00.00	8483.20.80	8528.21.49
7305.39.50	7314.41.00	8211.10.00	8483.30.80	8528.21.52
7305.90.10	7314.42.00	8211.91.20	8483.60.80	8528.21.65
7305.90.50	7317.00.55	8211.91.25	8483.90.30	8528.21.70
7306.10.10	7318.11.00	8211.91.30	8483.90.70	8528.21.85
7306.10.50	7318.14.10	8211.91.40	8483.90.80	8528.21.90
7306.20.10	7318.14.50	8213.00.90	8521.90.00	8528.22.00
7306.20.20	7320.10.60	8214.90.30	8525.10.20	8528.30.20
7306.20.30	7324.90.00	8215.10.00	8527.13.20	8528.30.40
7306.20.40	7601.10.30	8215.20.00	8527.13.40	8528.30.60
7306.20.60	7601.20.30	8215.99.01	8527.21.40	8528.30.66
7306.20.80	7601.20.60	8215.99.05	8527.29.80	8528.30.68
7306.30.10	7604.21.00	8215.99.10	8527.31.05	8528.30.78
7306.30.50	7614.10.10	8215.99.15	8527.31.50	8528.30.90
7306.40.10	7614.90.40	8215.99.26	8527.31.80	8529.10.20
7306.40.50	7901.12.10	8215.99.30	8527.90.40	8529.90.03
7306.50.10	8101.10.00	8215.99.35	8528.12.08	8529.90.06
7306.50.50	8101.91.50	8301.10.20	8528.12.20	8529.90.13
7306.60.10	8101.92.00	8301.10.40	8528.12.24	8529.90.33
8529.90.36	8529.90.43	8540.20.40	8703.22.00	8714.93.28
8529.90.39	8529.90.46	8540.40.00	8703.23.00	8714.93.35
	8529.90.49	8540.50.00	8703.24.00	8714.94.90
	8529.90.53	8540.60.00	8703.31.00	8714.95.00
	8529.90.69	8540.71.40	8703.32.00	8714.96.10
	8529.90.83	8540.72.00	8703.33.00	8714.96.90
	8529.90.86	8540.79.00	8703.90.00	8714.99.10
	8529.90.89	8540.81.00	8704.10.10	8714.99.80
	8529.90.93	8540.89.00	8704.10.50	9029.20.20
	8532.10.00	8540.91.15	8704.21.00	9029.90.40
	8532.21.00	8540.91.20	8704.22.10	9103.10.20
	8532.22.00	8540.91.50	8704.22.50	9103.10.40
	8532.23.00	8540.99.40	8704.23.00	9103.10.80
	8532.24.00	8540.99.80	8704.31.00	9103.90.00
	8532.25.00	8607.19.03	8704.32.00	9104.00.05
	8532.30.00	8607.19.06	8704.90.00	9104.00.10
	8533.21.00	8701.20.00	8708.00.03	9104.00.20
	8533.29.00	8703.10.10	8708.00.05	9104.00.25
	8533.31.00	8703.21.00	8708.00.15	9104.00.30
	8533.39.00		8708.00.25	
	8533.40.80		8707.10.00	
	8533.90.40		8707.90.50	
	8533.90.80		8708.82.50	
	8540.11.10		8712.00.15	
	8540.11.24		8712.00.25	
	8540.11.28		8712.00.35	
	8540.11.30		8712.00.44	
	8540.11.44		8712.00.48	
	8540.11.48		8713.90.00	
	8540.11.50		8714.91.30	
	8540.12.50		8714.91.50	
	8540.12.70		8714.91.90	
	8540.20.20		8714.92.10	
9104.00.40	9108.20.40	9109.19.60	9302.00.00	
9104.00.45	9108.20.80	9109.90.20	9305.10.20	
9104.00.50	9108.91.10	9109.90.40	9404.29.10	
9104.00.60	9108.91.20	9109.90.60	9506.99.08	
9105.11.40	9108.91.30	9110.11.00	9507.10.00	
9105.11.80	9108.91.40	9110.12.00	9507.30.20	
9105.19.20	9108.91.50	9110.19.00	9507.30.40	
9105.19.30	9108.91.60	9110.90.20	9507.90.70	
9105.19.50	9108.99.20	9110.90.40	9603.10.05	
9105.21.40	9108.99.40	9110.90.60	9603.10.15	
9105.21.80	9108.99.60	9111.10.00	9603.10.35	
9105.29.10	9108.99.80	9111.20.20	9603.10.40	
9105.29.20	9109.11.10	9111.20.40	9603.10.50	
9105.29.30	9109.11.20	9111.80.00	9603.10.60	

ANNEX—Continued

9105.99.40		9114.10.40		
9105.99.50		9114.10.80		
9105.99.60		9114.30.40		
9106.10.00		9114.30.80		
9106.20.00		9114.40.20		
9106.90.75		9114.40.40		
9106.90.85		9114.40.60		
9107.00.80		9114.40.80		
9108.11.40		9114.90.15		
9108.11.80		9114.90.30		
9108.12.00		9114.90.40		
9108.19.40		9114.90.50		
9108.19.80		9209.91.80		

PART B

9101.11.40	9101.29.30	9102.11.65	9102.21.25	9102.29.30
9101.11.80	9101.29.40	9102.11.70	9102.21.30	9102.29.35
9101.12.20	9101.29.50	9102.11.95	9102.21.50	9102.29.40
9101.19.40	9101.29.70	9102.12.20	9102.21.70	9102.29.45
9101.19.80	9102.11.10	9102.19.20	9102.21.90	9102.29.50
9101.21.10	9102.11.25	9102.19.40	9102.29.02	9102.29.55
9101.21.80	9102.11.30	9102.19.60	9102.29.15	9102.29.60
9101.29.10	9102.11.45	9102.19.80	9102.29.20	9102.91.40
9101.29.20	9102.11.50	9102.21.10	9102.29.25	9102.91.80

PART C

Least-developed beneficiary developing countries

Angola	Madagascar
Bangladesh	Malawi
Benin	Mali
Bhutan	Mozambique
Burkina Faso	Nepal
Burundi	Niger
Cape Verde	Rwanda
Central African Republic	Sao Tome and Principe
Chad	Sierra Leone
Comoros	Somalia
Djibouti	Tanzania
Equatorial Guinea	Togo
Ethiopia	Tuvalu
Gambia, The	Uganda
Guinea	Vanuatu
Guinea-Bissau	Yemen
Haiti	Zaire
Kiribati	Zambia
Lesotho	

[FR Doc. 96-26898 Filed 10-18-96; 8:45 am]
BILLING CODE 7020-02-P

[Investigation No. 332-368]

Crawfish: Competitive Conditions in the U.S. Market

AGENCY: United States International Trade Commission.

ACTION: Termination of investigation.

EFFECTIVE DATE: October 8, 1996.

1930 (19 U.S.C. 1332(g)). Notice of institution of the investigation was published in the Federal Register of September 5, 1996 (61 F.R. 46821). On September 30, 1996, the Commission received a letter from the Committee requesting that the Commission terminate the investigation, noting that domestic crawfish producers had recently filed a petition with the U.S. Department of Commerce and the Commission under the U.S. antidumping law with respect to

FOR FURTHER INFORMATION CONTACT: Mr. David E. Ludwick (202-205-3329), Agricultural and Forest Products Division, Office of Industries, or Mr. William Gearhart (202-205-3091), Office of the General Counsel, U.S. International Trade Commission. Hearing impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

Issued: October 11, 1996.

APPENDIX D
List of Witnesses Appearing at the
Hearing

CALENDAR OF PUBLIC HEARINGS

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : ADVICE ON PROVIDING ADDITIONAL
GSP BENEFITS FOR LEAST-DEVELOPED
COUNTRIES

Inv. No. : 332-370

Date and Time : November 19, 1996 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main hearing room 101, 500 E Street, SW, Washington, D.C.

ORGANIZATION AND WITNESS

COMMODITY

Panel 1

Manchester Trade, Limited
Washington, D.C.

General

Stephen Lande, President
and former Assistant U.S.
Trade Representative

The Republic of Mozambique
Washington, D.C.

General

Salvador Namburete, Economic
Counselor

—MORE—

ORGANIZATION AND WITNESS

Panel 2

Timex Corporation
Middlebury, Connecticut

Mary Braunsdorf, Senior Counsel

Stephanie Saunders Fouch,
Manager of Government Relations

Panel 3

African Metals Corporation
New York, New York

Douglas Geniti, Senior Sales
Executive

Nicholas A. Pyle, President,
Robert N. Pyle and Associates

COMMODITY

*There are 45 HTS numbers
for this commodity. See
Part B Attachment of the
institution notice.

Watches

Unwrought
Cobalt
8105.10.30

—END—

